THE EMPIRE CLUB

ADDRESSES 1972-1973

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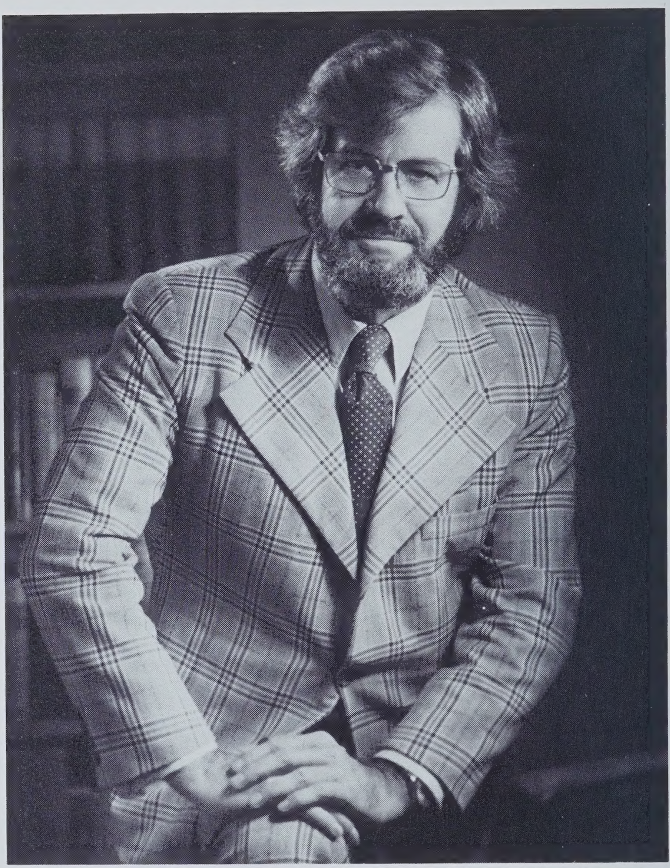
The Empire Club of Canada

1972-1973



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Joseph H. Potts, C.D., Q.C.
President 1972-1973

ADDRESSES 1972-1973

The Empire Club of Canada

SEVENTIETH YEAR

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The Empire Club of Canada

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In 1903, The Empire Club of Canada was formed to provide a forum for prominent men and women to address the Toronto business and professional community. Since that time, the speeches of our guests have been recorded in handsomely-bound yearbooks. These volumes, for almost seventy years, have provided a unique documentation of contemporary thought and perhaps now serve to offer students of history the finest collection of varied opinion by leading Canadians available in Canada.

In recent years, an increased awareness of our heritage has resulted in a considerable demand for previous editions of our Yearbook, particularly from libraries, universities, and all those who appreciate the uniqueness of the Yearbook in its easily readable form.

Last year a copy of the 1971-72 Yearbook was sent to every high school, college, university and public library throughout Canada, a total of 3,735 copies. This was made possible through the generous financial assistance of The Empire Club Foundation whose benefactors and supporters are listed on page 489 of this volume. Their support is greatly appreciated.

The new departure with the 1972-73 Yearbook is the inclusion of the text of the remarks of the persons who have expressed the appreciation of the Members of the Club to the guest speakers.

JOSEPH H. POTTS
President: 1972-73

The opinions and views expressed in the addresses contained in this volume are those of the speakers themselves and do not necessarily carry the full or partial endorsement of The Empire Club of Canada.

Edited by Joseph H. Potts, C.D., Q.C.

Photographs by Geoffrey Share

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SEPTEMBER 29, 1972

New Directions in Foreign Policy

AN ADDRESS BY

The Right Honourable
Pierre Elliott Trudeau,
P.C., Q.C., M.P., LL.D., F.R.S.C.,
PRIME MINISTER OF CANADA

CHAIRMAN

The President,
Joseph H. Potts

MR. POTTS:

Mesdames, messieurs, c'est avec plaisir que j'ai le grand privilège de souhaiter la bienvenue, de votre part, un grand Canadien, a great Canadian, Paul Henderson. Pardon. Je m'excuse, le très honorable Pierre Elliott Trudeau, Premier Ministre du Canada.

Notwithstanding my Freudian slip in speaking of great Canadians, permit me at this time, on behalf of all of us, to recognize the tremendous achievement of every member of Team Canada who brought great honour to our country.

Sir, we are indeed honoured by your presence today, particularly in view of the fact that you have taken time out to do so in the midst of a busy election campaign.

Before proceeding further I feel that it is incumbent upon me to make a public confession to our guest of honour.

Sir, you may be with us today under false pretenses—that's due to my failure to provide full, true and plain disclosure of all material facts relating to the history of The Empire Club.

Let me hasten to explain my default.

I knew that the members of our Club were most anxious that you should be our guest speaker at one of our regular luncheon meetings.

Accordingly, in extending our invitation to you, I stressed the fact that every Prime Minister of Canada since Sir Wilfrid Laurier had addressed The Empire Club.

This is a true statement of fact but you were entitled to infer from it that every Prime Minister of Canada since Sir Wilfrid Laurier had spoken to The Empire Club in his capacity as Prime Minister.

I must now confess that such was not the case as the following historical facts will demonstrate.

Mr. Meighen and Mr. Mackenzie King spoke to the Club before they became Prime Minister but not as Prime Minister.

Sir Robert Borden, Mr. St. Laurent and Mr. Pearson spoke to the Club before they became Prime Minister and subsequently as Prime Minister.

Viscount Bennett spoke to the Club only after he ceased to be Prime Minister.

Mr. Diefenbaker spoke before he was Prime Minister, as Prime Minister and after he ceased to be Prime Minister. Sir, we did not have the privilege of hearing from you before *you* became Prime Minister.

Having regard to the well recognized vagaries and vicisitudes of political life, we are particularly pleased that you are with us today.

Indeed, we hope that you will honour us again in the future as Prime Minister and also after you cease to hold the high office, even though the latter circumstance may well be in the far distant future.

Mr. Trudeau's rise to political prominence was nothing short of spectacular. He captured the imagination of Canadians and became the leader of his party which then went on to win a majority of seats in the House of Commons for the first time for any Canadian political party in four successive general elections. As Prime Minister he has been most successful in enhancing the reputation of Canada amongst peoples of the world.

At the close of the Commonwealth Conference in Singapore in January 1971, at which 31 Heads of State were present, the Prime Minister of Singapore, as Chairman of that conference, singled out Prime Minister Trudeau as having made an outstanding contribution to its sessions.

Pierre Elliott Trudeau has been described as a new breed of politician practising a new kind of politics—a politics of issues, not partisanship. His attractiveness stems from his freshness of outlook, his audacity, his intellectual honesty, and his "capacity to communicate".

Mr. Trudeau's words combine a thoughtfulness and directness unusual for a man in high office.

Mesdames, messieurs, The Prime Minister of Canada.

THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU:

Mr. President, distinguished guests, ladies and gentlemen: I am particularly pleased to be here to address this distinguished audience today because, as Joe Potts just reminded us, something we all knew, it is the home of Paul Henderson. For this meeting of mine with yours comes at a point after the series of games but also at a point during an election campaign and also at a point of Canadian history about which I think we want to take stock.

Joe made a few phrases about so and so was here before being Prime Minister and after being Prime Minister and I wasn't quite sure how we would end up but, as a staunch Liberal, I knew it would end up all right for me.

I was also told by Joe, during the meal, something I had not known before, that Mr. Pearson would be speaking to you (in January is it, Joe?), and I will make sure in the course of my remarks to say something nice about him as former Prime Minister and I hope he will also say something nice about me, period.

Some of you heard me mumble when Joe thanked me for taking time out during an election campaign to speak to you. I told him I really wasn't taking time out, thank you very much.

Elections, as I have been telling the people I have been talking to, are a time when politicians must have conversations with Canadians and it is a time when we are all stimulated to think about the history of our country, about its place in the world, about our place in the whole of Canada. To think about it, not only as businessmen or stockbrokers or members of one community or one profession, but as Canadians who have to make a choice while they are holding in mind not their particular interest, but while they are taking the national view in mind. And this isn't always the easiest thing because a great deal of self-discipline and even self-abnegation is called for. I have found in these meetings I have had in the past couple of weeks that probably in Canada we do this more objectively than any other country I know of. Men and women from every geographic, every economic and cultural segment of this society are taking the overall view.

Well, I will try and do this today in some remarks I want to make about our foreign policy. I will do this trying to place myself a little bit not only above the local or the provincial interests but even at the national level and place myself also, somehow, as people might do if they are looking at Canada from the outside. I think it was Mike Pearson's ability to do this which endeared him so much to Canadians and to people around the world. The fact that he was a man of international stature, that he was first and foremost a Canadian and that he ensured in the councils of the world that Canada's name would continue to be respected. Because of this strength and the wisdom he had, he provided a very firm foundation for a Canada which has to meet the changing times in a turbulent world.

Well what we have done in the past four years has been to try to build these foreign relations upon that foundation for the benefit of Canadians. We have not looked at the world as a safe resting place from which Canadians could react in relative security to world events as they occurred. We did not want it to be a reactive policy, one that responded to initiatives from other governments no matter how powerful or important they might be. In many cases we have to react and that is the essence of being able to meet a crisis—that you can react very quickly—but a foreign policy taken as a continuing theme must not be built on reaction. It must be built on action. It must take foreign policy and this foundation that I was talking about as a launching pad from which we could take initiatives, not react, but initiate actions which are designed to meet our goals and to satisfy our needs and if other countries want to react, as I think many of them have been doing, they will be reacting to trail-blazing by Canada.

This is what I see has been happening in Canada since 1968 and Canada's voice in the world which was long respected, because of its tone of moderation and wise counsel, I hope is now listened to with additional interest. There is no loss of respect, this I know, and there is no departure from moderation. I hope there is also no departure from wisdom. But there is a new ingredient of confidence in the form of Canadian undertakings and of Canadian policies. Our background in this past that I was describing has prepared us to act with self-assurance and to act with the courage of a fully mature actor in the world scene.

Now these initiatives have taken several forms. I will talk about them and they have been made in several directions but the philosophical base from which they emerge is found in the foreign policy which was published early in our term of office, initiated right after Mitchell Sharp became Foreign Minister, Minister for External Affairs, and that review, which some of you know, it varied fundamentally, I believe, from previous foreign policy statements made by Canada or, indeed, by most other countries.

It proceeded from a conceptual basis and the concept, I don't want to go into it in detail, but it consisted of six objectives or goals towards which we all said that our activities would be aimed. It was then not a matter of empirically adjusting to situations—reacting as I just said. It would be designing wherever possible our policies in a fashion which was consistent with these goals and this we have done again and again and I hope to show in the few examples of our foreign policy that I will talk about today, I hope to show that there has been this design in our foreign policy, one which proceeded from certain goals, and one which did more than that, it insured that at home and abroad our policies were harmonious and coherent. Not only harmonious in our actions in the world, as I hoped they were, but harmonious in view of the goals we were pursuing in Canada as Canadians. And this has not been done just for the sake of mere consistency, though I hope we have been consistent. It has been designed this way in order to achieve maximum effectiveness. For instance, when Canada took steps to insure the supremacy of Canadian interests in the Arctic, we did not move in a unilateral fashion and through that much maligned technique which some countries do use by issuing just unilaterally bold territorial claims. We acted in defence of our environment but as we are already acting and we would continue to act in other regions of the country. In other words, we built up our claim as a nation, which, lent to the quality of life, went to the desire to protect the environment for the use of Canadians for their enjoyment. Having built up this strong policy in Canada for Canadians, we could apply it to the Arctic in a way which couldn't be interpreted as just a mere territorial grab.

In our previous overtures, for instance, with the Soviet Union for a warmer relationship and our support for the then distant environmental conference which was going to be held in Stockholm, support which I discussed with U Thant the very first time I met him as Prime Minister at the United Nations, I explained to him then what our concern was for the environment and I explained to him then how this had implications for our foreign policy as it would in Stockholm but also as it would in our desire to protect the integrity of the Canadian territory. But this attitude assured us of influential allies in any legal contest that might come up in the Arctic and that isn't the total story. If you look at our concern for, for instance, off-shore oil pollution and the fact that we have legislated to protect ourselves in this area, well that is also consistent with the policy and the arguments that we use in discussing with the provinces the question of the administration of the off-shore minerals. It is because of Canada's understanding of these issues, because of our intimacy with these problems, that we can continue to have a policy which operates to our total benefit as Canadians.

Another example of that is the fact that a number of the principles that are well on the way to acceptance at the 1973 Law of the Sea Conference. They are of Canadian origin. We thought them through for the benefit of Canadians and we showed that we would put our actions where our mouth was and because of these principles, which are of Canadian origin and therefore of Canadian interest, we are confident that they will form the basis of a lot of the decisions at the International Law of the Sea Conference.

Now this same coherence of policies applies again and again. In 1968 and 1969 you will remember that the government came under intense criticism for our refusal to involve ourself in the Nigerian civil war. Our reasons for that were not fanciful. We stated them then, I think with clarity, but years were to pass before the emotion of that issue died down sufficiently to allow critics to examine them objectively. We would not intervene in Nigeria in spite of the urgings which you will recall came from all sectors of the Canadian population, not only the Opposition Parties in the House of Commons, but the media, letters, pressures upon Mitchell Sharp, upon myself. We did not intervene inspite of all that because we were opposed to tribalism, particularly when it spoke with the language of violence. We were opposed to it wherever it occurred and in whatever name it manifested itself. In Africa, or in Asia, or, indeed, in Canada. And we would not intervene in the domestic affairs of another country because the United Nations' Charter forbade it but also because the overwhelming majority of African leaders, including, incidentally, one who had already recognized the independence of Biafra, because they told us to stay out of African affairs and we did so. But we did not turn our backs on the obvious need for humanitarian assistance and humanitarian laws to protect the interest of innocent civilian populations and that is why we played a leading role in the Istanbul Red Cross Conference in an attempt to fill that void. We acted continuously in the role of persuasion to alleviate the suffering and I think in the process we gained the respect of Africa.

Now that, too, is consistent with other things and it is because we have this respect that we were permitted to play a key role later in the Commonwealth crisis about which I will talk in a moment. And also, that respect of African nations lent added weight to our voice in the United Nations day after day because we, too, will all be at the United Nations and we, too, like to have certain principles, say of non-proliferating of nuclear arms or other. We do like to promote ideas which we think are of importance to Canadians and to the world. And it is good to have allies who realize that we respected their principles and values in their time of crisis.

Now in all of these inter-related policies, and there are many more, I suggest that Canadians have benefited and they have benefited because we have been willing to take a long view and because we have been willing to take fresh perspectives.

I would like to give, but it would make a much longer speech, would like to give some examples also in the area of monetary and international monetary relations—the fact that we were alone of the group of ten, indeed, of countries concerned we were alone to get people to understand that we should float our dollar and that we were able to withstand the United States' pressure after President Nixon's August seventy-one economic measures. These are all examples which just don't happen in a vacuum because we decided that that is good for Canada. We can do this if the total approach of Canadian people is consistent and I think that's the reason why Canada is respected. Not now, not under my government alone, but it has been in the world because we have followed through internationally with principles which we try to apply nationally. Principles of helping each other. Principles of equalizing opportunity between the regions of Canada and the people of Canada as we try to do through our International Development Agency.

Well, to go on to another example, I begin by saying that it required no original thought to accept the proposition that Canada's interests would be served well if our relations with the Soviet Union, this joint neighbour to the north, could be improved, if they could be placed upon an open and businesslike basis which would provide an opportunity for friendship, to replace the distrust, the suspicion and the fear of the past. That proposition has been well accepted for many years. We don't claim credit for that proposition but we do claim credit for the courage to test it out and for the resolve to put it into effect. And what's been the result? We haven't been forced to surrender any of our principles or values. We haven't found ourselves conceding any strongly held beliefs, except perhaps the belief that we could take on the Russians very easily and lick them at any game we wanted to play.

But we have gained a great deal. We have gained pride in the realization that we have contributed considerably to the reduction of east-west tensions. We have gained from far-reaching and still extending exchanges of information and experience. We have gained the possibility of having this communication between experts and scientists in fields which are as divergent as gas pipelines and Arctic icebreakers. We have gained assurance that Canada, because we have seized the initiative for friendship, will enjoy a favoured position as a supplier of wheat to the vast Soviet market. We have gained, perhaps even more important still, in hundreds of individual cases — the joy and the relief of seeing families reunited, this reunion of families and relatives which had been denied for years. The opportunity of leaving the Soviet Union and of taking up residence in Canada. And we gain interest because they, too, at the other end, the other government, the Soviet Government, wanted to respond to the overtures for friendship and when we were asking them such a humanitarian thing as to make progress in the reunification of families, they obviously couldn't say "no".

If it was generally believed, and I think it was, that a friendly Soviet Union is to be preferred to a defiant one, it was also, a few years ago, commonplace to believe that one-quarter of the world's population should not be denied membership in the international community. The argument had been made for years. The People's Republic of China should be recognized as the legitimate government, it was said. A few countries objected absolutely to the principle of this position but fewer still were prepared to overcome the inertia which had settled upon this issue for a period of two and a half decades. Somehow, the argument went, by standing still, by keeping the same position, Canada could somehow still reap benefits from a policy which once had been proper but which had now become sterile. And somehow, we were told, we could still expect to continue selling wheat to the Chinese while denying them at the same time the respect which they claimed as an independent state.

Well one of our first steps, when we assumed office in 1968, was to sweep aside these somehows and to set out to negotiate terms of recognition which were both honourable and realistic. We achieved that goal and in achieving it we set in motion a train of events which has taken the Chinese Government to the United Nations and taken President Nixon to Peking.

Now, the total range of benefits to Canada are yet far from identified but the benefits, this is certain, which accrue to us as initiators of new world policies, are certainly far different from those which would accrue to us if we were just imitators rather than initiators. Not only have we gained in self-respect but we have gained a further measure of independence from the policies, the foreign policies, of other countries. We have gained from the knowledge that we enjoy a head start of immense value in developing relations of all kinds with China, not only trade about which I will say a word, but relations which we hope will permit to a further lessening of tensions between the peoples of the world and through peace lead to other exchanges, whether they be of a cultural, of a scientific or of an economic nature. But referring to the latter aspect of it, we should remind ourselves that it is not by coincidence that the first Canadian Minister to visit China was Jean Luc Pepin, who was the Minister of Trade. And it is no coincidence either that he took with him not just a few officials but he took with him businessmen, airplane loads full of Canadian businessmen, and a year later when Mitchell Sharp went to Peking it was with a whole trade fair, the biggest foreign trade exhibition which had ever been mounted in The People's Republic of China. And it wasn't a coincidence that the Chinese responded in a way which many of you have been witnesses of here at the C.N.E. by a superb exhibit.

These things have just begun. As I say, there are many areas in which we can benefit but it isn't as likely that we would have had if we just followed upon initiatives of others. I think it is natural for everyone involved to realize that because we moved many other people did move and in these various exchanges of benefits to the two nations I hope that the fact that we were initiators will always be remembered.

I think this is a little bit more complicated but probably a little more important than ping pong diplomacy. We are not just responding, we are following a plan which is not secret but which has been published in the White Paper that Mr. Sharp published some years ago.

En 1968, à l'étranger on considérait généralement le Canada comme un pays essentiellement de langue anglaise. L'attitude qu'avaient adopté certains gouvernements francophones nous apparaissait contraire aux intérêts de l'état Canadien. Cette attitude aurait pu susciter chez nous des dissensions si déjà nous n'avions pas reconnu notre dualité linguistique par la loi sur les langues officielles. Autrement dit, là également on ne bâtit pas une politique étrangère sur rien, mais sur une action déjà soutenue au pays.

Cette loi des langues officielles assurait aux Canadiens le droit de communiquer avec leur gouvernement soit en français, soit en anglais. Parallèlement, nous prenions des dispositions pour que le fait français affirme ses dimensions internationales. Il s'agissait là d'initiatives et non pas de simples réactions, comme je l'ai expliqué tout à l'heure.

Nous avons participé activement à la création d'une communauté des états francophones, l'Agence de Co-opération culturelle et technique. Nous avons contribué à la rédaction de ses statuts, et l'an dernier, nous avons acceuilli l'"agence," lorsqu'elle a tenu sa deuxième assemblée générale à Ottawa. Notre travail au sein de cette association nous a permis d'accroître notre influence auprès d'un important groupe de nations. Nous avons de la sorte ouvert une nouvelle fenêtre sur le monde, aux Canadiens de langue française, leur donnant l'occasion, entre autre de contribuer au progrès des pays d'Afrique. Ainsi, les Canadiens francophones peuvent désormais profiter d'expériences et d'avantages que connaissaient depuis longtemps les Canadiens anglophones. L'unité du pays s'en trouve d'autant renforcée.

So this way, too, you see that our policy, foreign and domestic, is consistent and in a strange way it is because we have taken certain constitutional positions on languages that we were able to follow through with certain constitutional positions when it came to that particular aspect of the Constitution which deals with foreign relations. And I suggest that we would have been in a much less strong position to say "no" to certain international initiatives which we felt were beyond the constitution, certain initiatives by provinces, if we had not at the same time, through our official Languages Act, insured that the Federal Government was the spokesman of both linguistic communities in Canada. And so on—you could give examples with our International Development Agency which applies to new regions in the world, this concept of respect of the human being which we try to apply in our laws in Canada and which puts Canada in its proper place in front of the international community. But this l'Agence Francophone that I was talking about is non-identical to its much older and much larger English-speaking counterpart, the Commonwealth. But in several instances, several ways, it is similar and Canada is thus respected as a charter member in these two exceedingly important associations. One which is rooted in a common heritage transmitted through the English language and the other rooted in the shared experience of communication in France.

We all know that the Commonwealth has long been one of the pillars of Canadian foreign policy. Well, I want to submit that in the past four years that pillar has been strengthened and has been ornamented. In the official travel which I have undertaken abroad, I visited twelve different countries, eight of those were members of the Commonwealth. Of the many initiatives that have been taken by this Government since 1968, I will say quite frankly that few give me more pride than those which were Commonwealth oriented. And I don't say this because I am talking to a particular audience, one-half of which is certainly as long faced as could be at the suggestion that I would use this occasion to talk in a different way about the Commonwealth than I would anywhere else.

I have said in the House of Commons and I have said it on many occasions, this institution which permits heads of government to talk together, not through interpreters and not through the very formal structured manner that has to be present, for instance, at the United Nations or at many international meetings. This possibility of talking face-to-face is something which is of immense value in a world today where intercommunication between people's understanding of the other person's point of view is basic to the maintenance of peace in the world. I might even say in that regard, without disrespect to l'Agence Francophone, that though that, too, is built upon the fact that we can communicate face-to-face. I think it is worth relating one of the remarks made, before the l'Agence Francophone was set up, by one of the French-speaking African leaders who expressed doubt about this action that we were trying to co-operate with and I was telling him—you know the Commonwealth is of immense benefit to us and not merely in economic or other terms that may have been but because of this understanding, this ability to talk face-to-face, and at that time I had already had the experience of talking face-to-face or seeing, I should say, a former African colony have their heads of state, or heads of government, talking face-to-face in very strong language to Harold Wilson as I was to see them do the same thing to Edward Heath a couple of years later in Singapore. This French African leader said "Well yah, but if we were to talk that way to General de Gaulle, the roof would blow off." This is because, I think, the Commonwealth has this deep root in the past in a series of institutions which are connected with the whole Anglo-Saxon approach to democracy and equality. And it will be a long time before these same benefits are shared, as I hope they will be, in the French-speaking community.

Well, you will recall, that at and before the last Prime Ministers' Conference in Singapore, Canada had worked very hard to ensure that the particular conference would take place and that having taken place that it would not fail. You will remember the grave doubts. I remember the press conference I gave just before boarding the plane and most of the questions were to the effect ''Well, what is Canada going to do when all these African states walk out after Britain refuses to stop selling arms to South Africa?'', or ''What will you do if you arrive in Singapore and half the members haven't come because they won't want to sit down with Edward Heath?''. You know, there was a terrible amount of pessimism during those final weeks of 1970 and the early part of 1971. Well we worked very hard to ensure that those meetings would take place and that they would be a success. And we worked equally hard to ensure that the format of future Commonwealth meetings would avoid the crisis atmosphere and the general approach of the General Assembly, the climate which exists there and which had evolved in recent years with everyone making long set speeches generally on problems which cannot be resolved by that particular conference. And we put forward proposals which were designed to restore the intimacy of the meetings and which would permit these extraordinary gatherings of thirty-one heads of government. Not to make speeches at each other because you can do that in any language and the interpreter will make the speech but to talk to each other, to dialogue with each other. Well those initiatives we put forward were followed up and several months ago now the officials of the Commonwealth countries agreed to meet in Ottawa, the meeting will take place in mid-October, in order to deal with these Canadian suggestions and to make recommendations to all their governments with respect to them and I think that's perhaps the most important thing that can happen to these meetings.

But another agenda item for the meeting, in addition to this change of format, will be the timing and the venue of the next Commonwealth Prime Ministers' Conference. Today I want to say that I have received a letter from the Secretary-General of the Commonwealth, Mr. Arnold Smith, telling me that a number of Commonwealth Prime Ministers have expressed to him the hope that the next heads of government conference might take place in Canada and I replied, after discussing it with Mitchell, I replied to Mr. Smith that I would be very pleased, and I know all Canadians would be very pleased, to invite this important conference to Canada in 1973. Now should this invitation of ours be accepted, and I am led to believe that it will, this will be the first Commonwealth Prime Ministers' meeting ever held in Canada and I am particularly proud to add that it will be the first held under the new format of procedures first discussed and put forward by Canada at Singapore.

Well, I have given some examples but this active pursuit of Canadian interests in the world beyond our shores really forms too long a list for me to enumerate them all in this one speech or, indeed, at any single occasion. I want to say, however, that several Cabinet Ministers responsible for activities with international dimensions are actively engaged in discussing them during this campaign and I won't say any more about that but I do hope that during this campaign you will have the occasion to hear something of what they are saying. For instance, Canada's widely and, I believe, deservedly respected Secretary of State, Mitchell Sharp, Secretary of State for External Affairs, is directing the activities of one of the world's finest foreign services, directing them in New York with the United Nations, in Geneva at the disarmament conferences, in the preparatory committee to the third Law of the Sea Conference to which I referred a moment ago. Mr. John Turner has just returned from very important meetings with the Commonwealth Finance Ministers in London and from the International Monetary Fund Meetings in Washington. Jack Davis, the Minister of the Environment, is engaged in the application and extension of important principles, many of them of Canadian origin, adopted at the Stockholm Conference on the Environment. The Minister of State for Science, Mr. Gillespie, is beginning the policies which will permit Canada to gain from the resources lying beneath the surface of our continental shelves, the largest continental shelves in the world.

So the list goes on and on. Martin O'Connell in Labour, Pepin Trade, Stanbury in Communications. Who's in Defence now? Drury! The other person who drew a few boos last time I mentioned his name in this hall has now gone on to a very unimportant office. I hope that won't be taken as a sour note. I like Edgar Benson very much. I will substantiate this applause by saying that the kind of economic prosperity which, inspite of a lot of harping, I think many of us see as existing in Canada now has been made possible because he was pretty tough with our Finance portfolio. Anyhow, the list goes on, as I say. Name Agriculture—you could name many other departments but you could name so many it's because, I think, that once again we have wanted to be consistent between the policies we were following in these Departments through these Ministers in Canada and not only the image but the action that we were projecting abroad.

Now this leads me to, I think, an important theme in Canada— and cheer up it leaves me pretty close to the end of my speech— but it does lead me to talk about the independence of Canada, which is a subject I know which is much debated and talked about in Toronto, in particular, because the goal of these imaginative policies and a consequence of those policies is the continual independence of Canada. By diversifying our interests, first from Britain many years ago, and then, subsequently, from the United States as much as we could, Canada has not foregone our friendship with and the privileged position that I hope we enjoy with these two countries. In other words, our independence has not been gained at the expense of any previous friendship and it will not be exploited, we are sure, by any irritation of other countries just for the sake of irritation. The independence which this government is protecting and strengthening is, in other words, not just unidimensional; it's not just concerned with foreign investment, to speak quite bluntly. It is directed as much to our territorial integrity as it is to our financial institutions. It's directed as much as I have shown in this bit in French which some of you perhaps didn't quite follow. It's as much directed to our cultural expression as it is to our industrial development and the ends we seek they will all elude us if we focus our energies and our emotions on merely one aspect of Canadian independence if we so do in a way in which we lose all balance and all proportion. In foreign ownership, as in the Arctic, as in the Canadian content regulations of the C.R.T.C., there has been a certain consistency. There has not been, I suppose, the massive frontal attack on one particular issue that some people have called for but, as Mitchell Sharp always says when he talks about foreign policy, ''We don't seek to be dramatic, we seek to be effective.'' And I have known cases of people who, because they try to be dramatic and try this massive attack point of view, turned out to be singularly ineffective. You know another long paragraph could be inserted here on the concept of nationalism. Economic nationalism, above others, since that's the one I am alluding to and I will just state it in one phrase and let you think about it. Now if it is totally wrong under all circumstances say for Wall Street to dominate Canada's economy, then it probably should follow that it is totally wrong for Bay Street to dominate Quebec's economy. Probably both propositions can be maintained but the response you make in one case cannot be inconsistent with the response you are making in the other case. In other words, you must not approach this problem, or any problem, with passion and emotion and a kind of urging that leads you to take decisions which are not consistent with any other. You have to be consistent in talking to Canadians. You have to use towards yourself the same kind of principle that you are going to use towards others.

I could go on but I think my case has been made and if there are many doubters, I know that there are at least two who are travelling elsewhere in Canada, I want to conclude with two points. To those who have been saying this past week that Canada will surely have to conclude some kind of arrangement with German interest for resource development in the Arctic and I should have mentioned Don Macdonald when I was talking about Ministers with something to do with foreign effects of our national policy on energy. Any other Minister I haven't mentioned here? No one else running for election?

You know those who say that Canada will surely have to conclude some kind of arrangement, whether or not those arrangements are in the interests of Canada, because of the huge feasibility in research investment made by those hard-nosed German businessmen, I just want to remind them of one fact. Back in 1969 and 1970, a gigantic investment had also been made by some equally hard-nosed American businessmen with respect to resource transportation in the Canadian Arctic. These same doubters today were doubting then and you will recall that that investment was the investment made in the S.S. Manhattan. Well I don't know where the Manhattan is plying the waters of the earth now but it's not in the Canadian Arctic and we do not act just because other peoples make huge investments and put other kinds of pressure upon us, but just think that over when you are told what these Germans are doing and how they are going to force their decisions upon us.

Point number two I want to make is even more brief, that in the past four years, years since 1968, the period which was certainly as active as any other previous period in Canadian history, we have been attacked by opposition foreign policy critics as having withdrawn Canada from the world, as having turned Canada, the expression goes, towards isolationism. Well all I want to say to that is that if Canada has become isolationist, the rest of the world hasn't yet found out about it.

Not so many years ago, Mr. President, many Canadians regarded foreign policy as a somewhat esoteric and perhaps an academic exercise. Rather distant from the realities of their own lives and unconnected with their own goals and hopes. Not now—the foreign policy of the Canada of today, this new Canada of the '70s, has not abandoned any of the broad, traditional goals of the past. Goals of peace and friendly relations. And as I mentioned friendly relations, some of you might want to ask why I haven't talked more about our relations with the United States. I didn't because I want to put a plug in at this point. Mitchell Sharp is publishing—what in a couple of weeks, Mitchell?—a very important paper on Canada-U.S. relations and I hope you are making a lot of speeches about it too. But therefore we have not abandoned any of these traditional goals but we have, as Canadians, extended the scope of this foreign policy and we have promoted the well-being of every single Canadian. I submit to you that this policy permits each of us to stand taller, to stand with pride and great dignity as citizens of an independent Canada.

Mr. Trudeau was thanked on behalf of The Empire Club by Mr. Henry N. R. Jackman, a Past President of the Club.

MR. JACKMAN:

Mr. Chairman, Mr. Prime Minister, as our Chairman has pointed out you are the eighth Prime Minister of Canada to speak before The Empire Club since Sir Wilfrid Laurier addressed us in the early years in the twentieth century and I know I speak for everyone here when I say that your address will be long remembered as one of the finest ever given to an Empire Club audience.

Within the next few weeks the future of Mr. Trudeau's government will be decided by a constituency far greater than those assembled here. On this 29th day of September, nineteen hundred and seventy-two in the midst of a fiercely contested election campaign it is perhaps difficult for us not to be conscious of the role of Pierre Elliott Trudeau as a political leader. This, of course, is a role which all Prime Ministers must play. It is very easy in times such as this to forget that on the really important issues affecting Canada all parties stand united and that as Prime Minister he must at all times represent each and everyone of us to provide the leadership that our nation so richly deserves. Therefore in listening to you today, Sir, we become very conscious that you are in a very real sense leader of our country and Prime Minister of us all. Your speech was in the best tradition of the Empire Club. Whatever the future may bring forth we hope that it will not be too long before you will be back with us again.

OCTOBER 5, 1972

Homage to A.Y. Jackson

AN ADDRESS BY John W. Fisher, S.M., LL.D.
FORMER COMMISSIONER,
NATIONAL CENTENNIAL ADMINISTRATION

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

"He taught Canadians to see the beauty of their own land."

What a marvelous tribute to any man in any country but in the case of A.Y. Jackson how appropriate and how richly deserved.

This quotation appears on the beautiful poster on display which features a reproduction of the Hilton Hassel oil painting of A.Y. Jackson sketching in the Canadian wilderness.

I know I speak for every member of The Empire Club in saying that we consider it a distinct privilege to pay homage to him today.

I would like to thank Mr. Burt Richardson, Chairman of the National Committee on Homage to A.Y. Jackson, the members of his Committee and in particular Mrs. Beth Slaney and the many others who have assisted in the arrangements for this happy occasion.

We are all disappointed that Dr. Jackson is not with us today.

Originally we had hoped that he would be present but recognized that this might not be possible. We felt, however, that it would be not only appropriate but highly desirable to convene this luncheon in his honour even though we might not have the pleasure of his company.

I am sure that you share our feelings in this regard.

On Tuesday of this week, being Dr. Jackson's 90th birthday, I forwarded on behalf of the members of The Empire Club the following telegram:

> "The members of the Empire Club of Canada are looking forward to honouring you at our luncheon on Thursday but regret that it will not be possible for you to be present. We wish you a very happy birthday and many more years of happiness."

Mr. Fisher, I am delighted to welcome you back to The Empire Club. It is 25 years and 3 days since you first addressed us.

On Thursday, October 2, 1947 you spoke to us on the subject intriguingly called "Cobwebs".

We had the pleasure of hearing from you again on November 2, 1950 but we have not had the pleasure of having you with us since then.

Your return visit today is certainly long overdue.

Our guest speaker today is not an artist in the sense that A.Y. Jackson is an artist but he is indeed a distinguished artist in his own right. A.Y. Jackson portrayed Canada with his brush, John Fisher with his voice.

He has said "Canada is a maple leaf, crisp and clean in autumn; it's the beaver minding his own business and working hard; it's the smell of boiling sap, burning brush, sweet hay, ripe grapes and fresh sawdust."

Each, in his own way, has "taught Canadians to see the beauty of their own land".

Sir, we are all obliged to you for joining us today to give expression to our thoughts and feelings as we pay homage to A.Y. Jackson.

When perusing the evening paper two nights ago, I thought I had stumbled upon another distinction shared by these two gentlemen.

In a listing of forthcoming election meetings I noted that one meeting was to be held in the A.Y. Jackson Secondary School and another in John Fisher Public School.

I was previously aware of the fact that the A.Y. Jackson

Secondary School was indeed named in honour of Dr. Jackson.

Susan Ford, in the Toronto Sun yesterday, stated categorically that John Fisher Public School was named after our illustrious guest speaker.

However, upon some investigation, I discovered that it was named in honour of one John Fisher, the Mayor of the Town of North Toronto in 1893.

Hopefully, in the fullness of time, we shall also have a John Fisher Collegiate in honour of the gentleman who has brought such distinction to that name in the 20th century.

Our guest speaker is a graduate in law from Dalhousie University, has been honoured by five Canadian universities and what is probably more important, by five Indian tribes, was the Executive Director of the Canadian Tourist Association, a special assistant to Prime Minister John Diefenbaker and Canada's Centennial Commissioner.

He is an adviser to the United States Bicentennial Committee, member of the Board of Directors of King's College, Halifax and Chairman of the Advisory Council of the Canadian Folk Arts Council.

Ladies and gentlemen, it is my pleasure to present to you a folk historian, lecturer, radio personality, spark of Canadian pride and the man behind our highly successful 100th birthday party—affectionately known as 'Mr. Canada', John W. Fisher.

MR. JOHN FISHER:

Thank you very much Mr. Potts, ladies and gentlemen, les invités d'honneur, Dr. Cameron, friends.

You just spoiled my luncheon by that reference to twenty-five years and three days. No wonder you invited me back because nobody could remember how bad I was except Mr. Harpham, he's the only man that I can remember who was here that day and I think he was responsible for bringing me.

When I spoke to you twenty-five years and three days ago, I was talking Canadianism and I really thought I was crying in the wilderness. And maybe that should be the theme of our talk today—cry in the wilderness. That's an old, old expression.

How appropriate it is to the Group of Seven and to A.Y. Jackson because they portrayed the wilderness; and for a long time they cried in the wilderness and nobody paid any attention to them. And when they did pay attention they derided them. They were called idiots, ugly and about every opprobrious word that you can think of.

How the pendulum in this country has swung. You saw the Globe and Mail of yesterday, the day before, papers all across Canada. The face of A.Y. Jackson on our national television programs, both networks, on local CTV programs and CFTO and in Hamilton, all over the land. In fact, it has been so wholesome, the response to painting, to art that we might have passed other countries where art is an accepted tradition. I don't know. Mrs. Zacks says that "Oh, yes! The New York Times, etc. will talk about Picasso and some great writer." But I don't know of a nation that neglected art for so long that's gone so wholeheartedly in favour of one of its most competent and gifted artists. I think it's great. It shows a new Canada.

Also in the last few days we have seen another form of nationalism in Moscow. I can't say it's quite so healthy. I can't say that it reveals the Canadian identity in the same positive, talented way that A.Y. Jackson did. In fact we just squeaked through on the hockey and we certainly didn't win any international medals for conduct. In fact, to come back to that wilderness, what was wrong with us in hockey at the start? Was this kind of a phony concept of the wilderness that many Canadians have the presumption that because we are a nation who inherited voyageurs and fur traders and trappers and lumberjacks and prospectors that we're tough and we're tougher than these dilettantes in Europe with their art galleries and museums. Evidently they never read Russian history, these Canadians. So we went with the big lumberjack belief to Moscow and we learned differently.

If you want my opinion, I prefer the soft portrayal of the identity. And I think that's the most important thing about Mr. Jackson is that he did portray a part of Canada that what Joan Murray calls the sort of the common denominator in her magnificent book on Tom Thompson. You say, by some kind of alchemy, the Group of Seven have made the Precambrian Shield as if it were applied to all of Canada and I would like to have my comments on that in a moment. I think that we are all very thrilled at the way attitudes in this country have changed and now the support we are getting for the arts. Not many people in this province know the great works that you have done but I know you must realize now how much easier it is to get these things done. For instance, you came to Toronto and rescued the Ned Hanlan. But what you've done in Montreal with the Iles St. Hélène Musée, the Fraser Highlanders and the rescue of the old Château de Ramezay in Montreal is magnificent. You know how hard it's been to get Canadians interested in their identity and heritage.

But perhaps I could put the tribute to A.Y. Jackson into focus this way. Now Miss Cathy Carroll is sitting down there, fashion consultant, and Mr. Robert Heneault, Vice-President of the Steel Company of Canada, and a year ago the Steel Company of Canada along with Algoma and Dofasco and Sidbec and the ones in Nova Scotia, etc. had a world conference of steel presidents in Canada, many European women and Japanese men and women and from Latin America. They took them to that magnificent McMichael Gallery. Now Robert and Signe, they were fascinated, the European women, by the setting and by the imaginative design of the log cabin motif and the hemlock logs. I think they were fascinated with the perch that you have for your museum—how it looks down into the valley—and even the trees seem to be coming up to take a peak at the treasures inside. The setting left them speechless. But when we asked the European and the Asian and the South American ladies what they thought of the art, we couldn't get the same response. Now why? Well, let's deal with the European. I suppose it's a different type of landscape painting than they are accustomed to. I suppose it is not impressionistic, it's not the modern touch. It didn't mean much to them *en passant* but if you took a Canadian through there it would mean a great deal. Why? Why should it mean so much to us when it's about a country that most of us have never seen except if we run up to Muskoka and back again? Most of us have never lived in the Shield. Most of us have never seen the country that A.Y. portrayed so beautifully and with such feeling and such vistas. But Joan Murray, in her book, explains that there is some kind of an alchemy. Well, I think I have the answer and I think that the contribution that Jackson made was in the two fields that are distinctively Canadian. The things that make this country different from the United States are basically geopolitical. There is the French fact of life, the fact that we are part French, that we are a bicultural heritage, bilingual, and your husband, Mrs. Pearson, did so much to further that concept, to enlarge our horizons. A bilingual, or the French fact, and the second thing that makes us different from the United States is purely geological. They do not have the Precambrian Shield. They don't have the muskeg; they don't have the wild, white water; they don't have the tundra, except Alaska; they don't have the sweeping Northern Lights and the kind of a country that A.Y. preferred. He was almost as if a magnet pulled him out of the sycophant society into that kind of an existence. Now A.Y. was born in Quebec but lots of people of the English language are born in Quebec but they seem to close their eyes to the culture all around them. Not A.Y.—he opened his eyes, he learned French and he discovered the depth of French civilization, French culture and he became familiar with the habitant, familiar with Quebec and with France. Just think what a pioneer he was. If more Canadians had followed the example of A.Y. Jackson and become bilingual, bicultural and therefore a larger human being, how much stronger the unity of this country would be today.

So we are saluting not only A.Y., painter, but A.Y., Canadian, citizen, bilingue, il parle bien la langue française, il a étudié la culture française, il connaît bien les habitants, le paysage. He is probably the most outstanding portrait painter of the Christmas card aspect of Quebec that is now gone. Some of his colleagues, Carron, Gagnon and many of the other French Canadians have left us on canvas some reminders of that. But A.Y. was the pioneer from this part of the world.

Now A.Y. in the wilderness, in the Precambrian, it seemed to me that the things which fascinated him in this area of Canada that is so different from the States, maybe the Shield slips a little into Minnesota, perhaps into Northern Michigan, but they don't have the things that intrigued him—the break up, the freeze up—to the same extent. And the break up and the freeze up to A.Y. were fascinating spectacles or spectaculars of nature and he always painted them and there are many reminders of it around. And he knew, I guess, instinctively, how Canadian that is and what a problem it is because in that country when the freeze up comes you have a hiatus and nothing moves in the north unless your planes land on runways but if you are using float planes you can't move for several weeks. No Indian can travel for several weeks. And the reverse in the spring, in the break up, nothing moves; the great silence of the Shield country. And this fascinated, I think, Jackson as I interpret his paintings. In the fall the titanic struggle between the combine of fall and summer against the encroaching tentacles of winter. It is like a wrestling match at which winter, in the Japanese style, paralyzes fall and summer and then gradually spills over it in frosty delight imposing a great silence upon its victims. And then the converse—how often Jackson painted to get that light just at the other spectacular of nature, in the spring, when winter's wan and feeble and spring has the virility of youth and then when the classic struggle comes it's not paralysis as happens in the fall, it's seduction, and then spring with the delight of seduction gurgles and giggles and spreads its charms all over. The hope of life is renewed and you can see this so vividly in the great, lone land. Now that's a phrase that Pierre Berton uses frequently in his magnificent books, *The Last Spike* and the other one, and I think it is so apt to the country that Jackson and his colleagues favoured. The great, lone land.

Another thing which fascinated Jackson and his colleagues, of course, was the third spectacular of nature. The changing of the leaves in autumn when nature puts on different raiments and when the leaves noiselessly float and fall to earth. I think perhaps it fascinated him that a leaf gets dressed up in its finest raiments for its own funeral. Dressed up to die. A leaf, therefore, in my opinion, must be feminine. Now Jackson, whether he was fascinated by that aspect or just the colour of nature, and I guess any artist would be enthralled with the colours of our deciduous trees because they are every colour of the spectrum, and I think it would intrigue him that that one painting he had of the maple in the softwoods, in the evergreens, is a magnificent thing. What makes one maple go early? What makes one tree stronger than another? Why is one tree more glorious in its shedding than another one? Well I said feminine. Jackson, I hear, liked the company of women. There are so many experts here at the head table, I can't compete with you, Mr. McMichael, and others. I am told he is very happy in the company of women and a very chivalrous gentleman.

But there was another side to Jackson which was stronger than that and that was the explorer in him, the nomad in him and he could go far from the company of women for long spells just like Vérendrye, Marquette, LaSalle, Joliet, des Groseilliers, Mackenzie, Fraser, Hudson, all these people, just like the prospectors, the bush pilots, the surveyors, the whackers could go. Now Jackson studied in Paris, and Mrs. Zacks, Dr. Zacks, will know far more about this than I, but in Paris where he must have observed the traditionallife of l'artiste on the rive gauche with these boulevards and cafés, apéritif and femme fatale and Chablis and Mouton, that kind of a life on the left bank in garrets and intellectual discussions must have intrigued A.Y. but he gave that up to go where there are never any concierges. How can you have a concierge when you don't have a door, when you live in a tent? He gave up the starched sheets to sleep under the stars. He must have been tough, which brings up the question of the old newspaper questions, Mr. Richardson. Who, where, when, what, why—we can't say why Jackson did what he did because that's all part of 'who'. Well let's deal with the 'who'. I think he must have been incredibly strong. A gentle heart but a strong physique. He would have to be to paint outdoors. When he first went to Algonquin it was 45 below and you can't, as I understand it, paint with gloves on. Think of the drilling in the summer that man must have taken from the millions of acupunctures by the black flies and the mosquitoes. Think of the times he must have been numb with cold. Think of him washing always in cold water, shaving in cold water. Everything about him begins with the letter 'p'. The paddle he loved and the flash of the paddle in the sun. The pack sack was his companion. The pine, the portage and, of course, ending up with the palette. You can make a nice little alliteration about the p's in Jackson's life. His hide must have been tough and his insides must have been lined with iron because he had no cordon bleu chefs from Paris or rive gauche. No, he did his own cooking. That's flapjacks, bannoch, dried apricots, dried prunes, oatmeal, pork and sometimes bacon, as long as it lasted. For he lived off the land, just like voyageurs, fur traders, trappers, prospectors, bush pilots. And this is the fascinating thing—he followed the tradition of the forefathers into the north but, to play on words, our forefathers battled against it but it's also still in the forefront of Canadian existence. It dominates our society and our future and even in this election, Mrs. Pearson, Pierre Trudeau talks of a six billion dollar highway north. Even Robert Stanfield gets involved and his predecessor, John Diefenbaker, talked of the vision of the north. And even David Lewis gets into it. He doesn't agree with the terms but he is emphasizing the north. I haven't heard M. Caouette but, naturally, he would be dealing with the fine financial aspects of it. So in the north, the forefathers and the forefront are still there, so vivid.

Now, Jackson operating in these two areas—Quebec, Christmas card country and in the vanishing wilderness—almost as if he were trying to alert us that it was going, going very rapidly. Well that 'who' was Jackson—tough but gentle man.

'Where'—where did he go? Incredible again where that man went. He wrote the Minister of Internal something or other, the Interior, I guess, in those days, Bert, wrote him and said I want to go to the loneliest outpost in the world at the roof of the world taking weeks to get up there. Jackson, as Bob McMichael told me the other day, never painted Niagara. He wasn't interested in peach blossoms. That's too refined, too pampered. He never went to Prince Edward Island—about the only place probably too pastoral for this fellow in love with the rocky spine of Canada. Where—he went everywhere. Mr. McMichael said that no Canadian probably, including the explorers, ever set his feet on more Canadian soil than A.Y. Jackson from one end of Canada to the other and to the roof of the world and in places that have gone. Mr. McMichael said outside, some of the villages that A.Y. knew when he was enjoying Quebec have now disappeared from the map—fires and changes in the passing of time.

'When'—When is very interesting in Jackson. He had an innate sense of timing and he had luck and he's tough. When he was shot in the shoulder in the First World War and recuperated in England that's when he met The Beaver, Lord Beaverbrook, who commanded 'Make that man a Lieutenant', and he was made a Lieutenant and then he was able to paint at the expense of the taxpayer. His timing was right and if he had moved just another two or three inches the bullet would have probably have gone through his head and we wouldn't have this heritage today.

Time—when he came back from the First World War and started to think about art and he had an exhibition and he didn't sell anything, you know it took forty years for one of his great paintings to be moved to market; and he wasn't getting anywhere and he thought—Oh! I'll go to Chicago—then somebody said "Let's go down to Emileville, forty miles east of Montreal, and do some painting." And he wasn't sure how long he'd stay there. Now Emileville is very important in this Canadian story, for the timing. Jackson went down there and a French-Canadian family by the name of Gaëtan invited him to stay with them and didn't want to charge him anything. He didn't have much anyway. Didn't want to charge him anything because they had never seen an artist at work, so he stayed, but again he was thinking of Chicago. Must go the United States —nothing here for me—nobody wants to have anything to do with an artist. So that night it rained then in the morning the temperature dropped, he explained, dropped quickly and it turned the whole thing into a palace of ice, the birchwoods. And they rushed out and just then the sun came up and it was a fairyland. And he did that wonderful painting, what is it called?—Morning After Sleet. And they got so excited about Canadiana again that they lingered in Emileville just long enough for a letter to come from Toronto signed 'J.E.H. Macdonald' whom he'd never met but heard about and Macdonald said "Don't you think it's time we started turning our thoughts to our own country and started to be aware of our Canadian identity". This intrigued Mr. Jackson but if he had missed it by a day he'd have gone to Chicago and might never have received the letter—the postal services were probably as bad then as they are now. His timing was terrific. When he went to Algonquin—it was before we butchered it. When he went to Algoma it was still pristine, pure. When he went to the northwest it was still good and hadn't been ruined and the permafrost had not been raped. Jackson's timing has been great all the way through.

So that to me is kind of the story of A.Y. Jackson. He was a builder. He was an interpreter who wasn't scared to go into the toughest places. He had no time for the soft life. Had he been born a hundred years earlier, assuming that he had the same assortment of genes in his system, I think he would have been an explorer and probably a great one; because where he went he always wanted to go further, always that curiosity, and in his little book, *A. Y.'s Country*, in his little book he explains "I always wanted to see what lay beyond", so he went to Yellowknife and he was curious then to go further, to Eldorado, to see what lay beyond. And finally he got up to the very Arctic, to the roof of the world itself. So now we have this wonderful parade of Canadian names which are very Canadian and in everyone of them he's painted. Just listen to the roll call and that will bring back Precambria, The Shield, the wilderness, the land of our forefathers and the land still in the forefront. Listen to the names—Labrador, Tadoussac, Saguenay, Baie St. Paul, Gatineau, Georgian Bay, Algonquin, and that lovely one Algoma, and tough ones Noranda, Abitibi, and then those beautiful strong names out west, Great Bear, Great Slave, Lesser Slave, Eldorado, Norman Wells, Radium and then the Whitehorse, the Yellowknife, the Valley of the Peace, Athabasca, the Yellowhead Pass, the Kicking Horse Pass, the Crow's Nest Pass, Okanagan and Skeena in the land of the totem poles. It's an incredible life. We're here to wish him a Happy Birthday. I'm not going to do that, Mrs. Pearson. I can't wish A.Y. Jackson a Happy Birthday because a birthday celebration connotes that you are going to give the celebrant a present and any gift that I could give him in words, in comparison to the gift that he has given Canada, would be so minuscule it would be ludicrous. Therefore, all I'm going to say about A.Y. is that I think a hundred years from now people will say—A.Y. you came too early, you didn't stay long enough. Birthday gift, he has given us the gift of the portrait of our country from the French side and the big, lone land side. He gave us a portrait in perpetuity. A.Y., or Jacqui, as they call him in French, or if you play that word carefully "j'acquis" also means to acquire and if anybody didn't acquire but gave it was A.Y. So to A.Y., Alex, Jackie, Dr. Jackson—à demain.

Mr. Fisher was thanked on behalf of The Empire Club by Mr. B.T. Richardson, Chairman, National Committee on Homage to A.Y. Jackson.

MR. RICHARDSON:

I am happy to extend the thanks of this meeting to John Fisher. I am glad that I have the opportunity to do so.

John Fisher is one of the foremost communicators in North America. He has what is known down in his native New Brunswick as a gift of the tongue or what is known in my own ancestral county of Ontario as a gift of the gab. In thirty years I have never head John Fisher in better form than he was today. And I remember when he was an articulate reporter of the C.B.C. at the great wartime Quebec Conferences and there was John Fisher, jacket off, belting it away into a microphone to the people of Canada telling them about what Churchill and Roosevelt and the others were doing in the secret rooms of the Chateau Frontenac and just to fill in one day I went on his program with him.

Well if we know something about our history as Canadians it's because of John Fisher's popular interpretations of it. If Canada has ten million friends in the United States, and we have far more than that in that country and elsewhere, it's because they have responded to John Fisher's warm commentaries on Canada. Not only was he, Mr. Chairman, the Centennial Commissioner but, as you mentioned, he was also special assistant to the Prime Minister of Canada and I was his successor in that job. So for brief times each of us was in charge of that citadel of unorganized confusion known as the Canadian Prime Minister's Office and what an education it was, John. What a survival! And what clues do we have to the news of the day.

Well art is a form of communication and so the grand old man of Canadian landscape painting whose 90th birthday has drawn us together today is also a communicator. And John Fisher has told us in spoken words what the message is. A.Y. Jackson's Canada. That's what the message is. All our ancestors came to a land of wild and unknown wilderness and it was A.Y. Jackson who came back from his canoe trips with the news that the landscape was alive and beautiful. His legacy will last us as long as Canada and it will endure like the hills that A.Y. Jackson has painted.

Alf Casson, A.J. Casson, a contemporary and an associate of A.Y. Jackson, said on T.V. this week that Jackson is half artist, half explorer and that is what John Fisher has been saying today. And that is a definition of all true Canadians and John Fisher has put it all into words for us today and enough said. On your behalf, I thank him for you.

OCTOBER 12, 1972

Newspapers and You

AN ADDRESS BY A. Davidson Dunton, C.C., D.SC., LL.D.
CHAIRMAN, ONTARIO PRESS COUNCIL

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

"Upon the reserve, dignity and independence of the secular press rests the unity of the country in large measure. Quebec and Ontario would be warmer national colleagues but for feelings of hostility arising from a too serious consideration of occasional vagaries of party journalism—baseless as an evidence of public feeling. A few heated expressions are remembered and a thousand just and friendly articles forgotten. In no particular can our enterprise, our enlightenment and our capacity be more conspicuous than in an improving and a helpful press, yielding to no estate in chivalry, patriotism or endeavour, and braving the ingratitude, seemingly inevitable, from those it serves most generously, and attracting still brighter intellects that it may become more worthy of an exalted service."

Ladies and gentlemen—With those words, Mr. E. J. B. Pense, M.P.P., Editor of the Kingston Whig, concluded an address to The Empire Club entitled Canadian Journalism on March 8, 1906.

You may be surprised, as I was, to be reminded that television was introduced into Canada just twenty years ago. Our guest today, as Chairman of the Canadian Broadcasting Corporation, was responsible for doing so.

Three and one-half weeks afterwards, Mr. Dunton favoured our Club with an address on the subject "Canada and Television" at which time he stated:

> "I think we can take it for granted that television is going to be a very strong social force. It is going to have a strong effect one way or the other on the development of our national life. I suggest to you the way television develops —what is on that screen—what is available to see—is going to make a considerable difference on what Canada is like twenty or thirty or forty years from now. I don't mean what it is like physically, but what young Canadians are thinking about, what their concepts of life are, and what their standards of value are. It will make a considerable difference in those things that go to make up a nation."

Twelve years later, the Club was again privileged to hear an address by Dr. Dunton, as Co-Chairman, along with the late André Laurendeau of the Royal Commission on Bilingualism and Biculturalism. On that occasion he stated:

> "The Commission, I believe, has an important and enormously difficult task. But the real problems are not just questions for the Commission; they are problems first for you, for all Canadians. The Commission hopes that it will be able to come forward with some useful recommendations. But the great questions before Canada can be solved only by Canadians. Those who can help, I believe, are especially those who can look without prejudice, drop constricting ideas they may have grown up with, and face the facts squarely; those who will make an effort to appreciate the feelings and aspirations of Canadians other than those close to them."

Sir, we are delighted to welcome you back to the Club as Chairman of the Ontario Press Council.

It is really quite incredible that one man should have been called upon to assume so many varied and significant roles. But that is not all—he was the Associate Editor of the Montreal Star at the age of 25, Editor of the Montreal Standard at the age of 26 and General Manager of the Wartime Information Board at the age of 32.

He was President of Carleton University from 1958 until

June of this year and, in 1970, was elected as the President of the Association of Universities and Colleges of Canada. Sir, you do the Empire Club great honour and it is my privilege to ask you to address this meeting on the subject 'Newspapers and You'.

DR. DAVIDSON DUNTON:

It is dangerous to have a President who does such good research. Ladies and gentlemen, I am quite sure that practically everyone in this room grumbles at times about the press. Over your coffee, you may have been doing it right now, over your beer or your scotch, but I am equally certain that practically all of you spend a certain amount of time each day reading one or more newspapers.

But all of you, I am pretty sure, have muttered complaints about newspapers at times. Something you really know about has been badly reported; something you think should have been in the paper and wasn't there; something that has been published you think would have been better left out; or you think that there has been something unfair said or done about some person or body.

Probably when you pique about the press you have ejaculated sometimes, "something should be done about newspapers".

That view, of course, is not new. All governments used to have extremely drastic opinions about the press and how to handle it. Now only some and totalitarian countries do. In seventeenth century England the Star Chamber had tyrannical power over books and the very embyronic newspapers of the day. And the Star Chamber was a real traditional tribunal, it wasn't just a figment and an editorial writer's ammunition box. It could impose fines of 25,000 pounds, a fortune for that day, on an offending editor or impose life imprisonment or the loss of ears. I hope some of the editors present have been finding their consciences twinge.

The Star Chamber disappeared with Charles I, along with some other things, but new controls on the press came along after that. It was against those controls that John Milton wrote his great pamphlet Areopagitica, that great plea for unlicensed printing, that did so much for the development of the concept of the freedom of the press. And the idea of this freedom did gain wide acceptance within the common law of England during the later seventeenth and during the eighteenth century, although, in typical British way, by sort of fits and starts; during much of that eighteenth century the authorities were still ready to take after editors whose writings they thought would ''debauch the manners of the people'' or ''enervate the authority of the government''. Curiously, governments think that things that don't agree with them probably debauch people or enervate the public good.

But toward the end of the eighteenth century the whole idea of the freedom of the press was bound up with the development of the idea of true democracy. Actually, the freedom of the press was first and very explicitly formally established by law in the Virginia Bill of Rights in 1775. That was followed by the famous first amendment to the United States constitution guaranteeing the freedom of the press.

In general it can be said that in the last century, the nineteenth, the principle of this freedom became very widely recognized throughout the whole English speaking world, and at varying intervals in most countries with developing forms, democratic forms of democratic government.

And the newspapers became more effective and bolder. In Britain The Times introduced advertising to gain revenues and became a real power in the land. I think here it is worth quoting a passage by Delane, the famous editor of The Times in 1852. He was replying to an accusation of irresponsibility by the government: He said, ''The statesman collects his information secretly and by secret means; he keeps even the current intelligence of the day with ludicrous precautions until diplomacy is beaten in the race with publicity. The press lives by disclosures; whatever passes into its keeping becomes part of the knowledge and history of our times; it is daily and for ever appealing to the enlightened force of public opinion—anticipating, if possible, the march of events—standing upon the breach between the present and the future. . . .'' It sounds as though there had been some leaks of government papers. I think there had been.

In the mid part of the nineteenth century newspapers were very important in opinion forming and often in having an effect on government policies—indeed, to a considerable extent, they were journals of opinion—but they were little like the great enterprises of today. For example, in its heyday The Times of London had a circulation of 70,000—but that 70,000 was greater than all the total circulation of all the other papers in England put together. In those days it was not really difficult to start a paper; and in fact a considerable number were founded—some lasting only a short time, some right to the present day. In Canada, history records the births, and often the deaths of quite a remarkable number of weeklies and dailies, some operating just for a short time to promote the opinions and interests of a particular part or faction.

In political matters at least the newspapers of those days were decidedly not namby-pamby. In Canada editors and reporters wrote of public men they disapproved of in terms that would make a modern reader jump. Political writing in this country of 100 years ago makes our present election campaign seem rather like a sensitivity session in comparison with the verbal battles of 100 or so years ago.

But during the nineteenth century the conditions underlying the theory of the freedom of the press were pretty clear. Most papers had a very definite political view and that view strongly coloured their editorials and very often coloured their reporting. Readers could get the opinions they wanted by choosing among a considerable number of papers of different stripes. And an individual or a group that had a bit of money could get a means of expressing their particular views by starting a paper without an enormous investment.

But towards the end of the century major changes began to occur. The development of near-universal primary education meant a greatly expanded potential readership for papers. Before that, remember, the majority of people couldn't read. No longer did the papers have to aim chiefly at an educated minority in society. The rotary press and the linotype machine greatly increased production possibilities. Circulation targets could be in the hundreds of thousands instead of the earlier tens of thousands or even thousands.

So in the twentieth century we get the development of the modern daily newspaper with its large circulation—probably a high proportion of all the families in a given area—its expensive presses, and typesetting and reproducing facilities, its photo and news services and so on.

In the development of technology, the growth of circulations, the increased costs, both capital and operating, we have a combination of economic factors that has made inevitably for fewer and larger newspaper concerns. In fact in all western countries in the last fifty years there has been a substantial decrease in the number of papers and an increase in the size of the enterprises that have survived.

This situation began to cause concern in Britain back in the 1930's. There was worry in a number of quarters that control over a few papers selling millions of copies a day was being concentrated in the hands of a very few proprietors. And it was also argued that intense competition for readers among the giant popular papers was leading them to some rather unsound reporting and editorial practices all in that desperate effort to outdo each other in providing interest-titillating material. And, of course, many of you who are familiar with the British press will know that in that country there are some of the best high quality papers in the world. There are also some of the hardest hitting popular papers that outdo anything that's ever been seen in Canada in terms of sensationalizing or providing material to, as the English phrase is, to titillate the readers.

The war put a damper on the whole subject, but in 1947 there was so much concern that the British Government appointed a Royal Commission on the Press. In its report, after two years of intensive study, the Commission said that it did not find great dangers in the degree of concentration that had occurred so far, although it hoped that there would be no further drop in the number of newspaper proprietors. Its major recommendation was that there be established a press council "to maintain those standards of professional responsibility and integrity which, we are happy to learn, are acknowledged by proprietors and journalists alike". The Commission also said "The body we have in mind . . . would depend for its effectiveness on its moral authority rather than on any statutory sanctions. It would derive its authority from the Press itself, and not from statute."

Some newspaper executives didn't like the idea. There was disagreement about whether such a Council should be set up at all; and if it were to be what form it should take. I might say that in my experience newspaper people tend to be very independent-minded and agreements among them don't come very easily. Finally, after four years of discussions in 1953 a Press Council was established in Britain by an accord among various associations of newspapers and journalists. It was composed entirely of press people, ten from the management side and fifteen from the editorial side. Everybody, including the staff, served on a part time and on largely voluntary basis. A typical British arrangement.

But in 1961 another Royal Commission was appointed, following yet another spate of disappearances of newspapers and mergers. This Commission was concerned largely with the economics of the industry under pressure from television, etc., but in its report it emphatically recommended that the Press Council be reconstituted to have a lay chairman from outside the newspaper community and a substantial lay or public membership. The Commission was very firm about this, and said that if the reforms were not carried out voluntarily there should be legislation.

The changes were instituted and in 1964 Lord Devlin, a very distinguished former High Court Judge, was appointed chairman of the Council. And now of the lower number of twenty members only fifteen were from the various ranks of the press and five from the general public.

The British Press Council has had its critics, both from inside and outside the industry, but, I think it is widely agreed that it has performed valuable service for both the public and the press in Britain. It has carefully investigated and given adjudications on a large number of complaints about newspapers. It has issued bulletins that have been generally respected and followed with regard to certain editorial practices. In instances, for example, where the behaviour of reporters has been criticized it has inquired, sometimes finding the accusations justified, sometimes not. It has made representations to government bodies about press matters and information matters that have carried a great deal of weight.

If copying is the sincerest form of praise the British Press Council has undoubtedly been successful. During the last fifteen years national press councils have been set up in a dozen countries, all more or less following the British model. Regional and local councils have been established in a number of other countries. In fact there has developed a sort of world wide press council movement.

Canada, like Britain has had a lot of Royal Commissions of different kinds but unlike Britain it hasn't had one on the press. It did have the Special Senate Committee on the Mass Media under the Chairmanship of Senator Keith Davey. In its lively report issued just over a year and a half ago the Committee laid out the extent of concentration of ownership of newspapers in Canada and the diminished choice of newspaper reading members of the public had. It was pretty generally rather critical of the performance of the press and said that there was a great deal of room for improvement, and called for better standards in newspaper work. And it strongly recommended the establishment of a national press council in Canada on the model of the British Council.

I am not privy to what went on in newspaper circles after that. I believe there were discussions about the possibility of setting up a nation-wide press council, but without result. I do know that in the Province of Quebec there has been agreement for some time on the constitution of a Quebec council to include broadcasting, and that it is expected that this body will go into operation shortly, probably this fall. A council was established in Alberta last spring.

In Ontario, there was a group of newspapers that had talked about the formation of a council even before the report of the Davey Committee and those eight newspapers decided last spring to go ahead with and participate in the establishment and support of a council within the Province of Ontario. The eight form only a minority of the number of papers in the province but have over half the total circulation of the Province.

The Ontario Council follows the British model but with some differences in its constitution. There is an outside chairman—myself. But of the other twenty members half (ten) represent the general public, and ten are working newspaper people. The ''professional'' members are drawn from different sectors: reporters, editors, publishers and advertising men. The ''public'' half is composed of very able people from different parts of the provinces, different backgrounds, both sexes and varying ages. The executive secretary—a very important man—is Fraser MacDougall just retired as Chief of the Ottawa bureau of The Canadian Press.

On the basis of the first meeting of the Council I can say with some pride that we have a body of knowledgeable, fairminded, independently-thinking individuals who are very keen about their job of inquiring into and forming conclusions about questions of newspaper performance. Incidentally, ''professional'' members serve very much in their individual capacities and not at all as representatives of the papers they work for. The public members were chosen not by the newspapers themselves but by the professional members coming from papers in different parts of the province and different ranks, as I say, meeting with the Chairman and deciding to issue invitations to various people to become the public members and all accepted our first invitation.

A key function of the Council is to consider complaints from the public about the conduct of the press in the gathering and publication of news, opinion, advertising; and to report publicly on the action taken. The purposes and functions are very close to that of the British Press Council.

The objectives include considering complaints from members of the press about the conduct of individuals or organizations toward the press; reviewing and reporting on attempts to restrict access to information of public interest that can help the press and the public through the press; preserving the established freedom of the press; and encouraging the highest ethical, professional and commercial standards of journalism.

Like the British Press Council the Ontario Council has no power to punish papers by imposing fines or jail sentences or the cutting off of ears. Its power lies only in publicity and in moral suasion. Participating papers undertake as part of their participation to publish an adjudication of the Council in the matter of a complaint concerning them—and a paper is unlikely to be very happy if that conclusion goes against it. It is hoped that other more general reports of the Council about industry practices, if and when they are made, will carry weight.

It is assumed that complaints should go first to the newspaper concerned, and indeed, the Council will deal with the matter only if it has evidence that the complainant has written the newspaper and has not been satisfied with the response or the redress offered. For obvious reasons the Council has to ask assurance that a complaint is not going to be the subject of legal proceedings because you could get into an awful mess if there was a court case following discussion before the Council on the question of evidence and what was said before the Council which of course, is not a legal body and what was said there would not be privileged.

The Council of course has no right to deal with complaints about non-participating papers, but would do so if any such paper wishes.

Why this world-wide interest in press councils? I think there are some very fundamental reasons. Newspapers have an extremely important function as major purveyors of information, and of interpretation and of opinion in modern society. Under present day conditions daily papers tend to be few in number and to be under the control of a limited number of corporations. The responsibilities of these papers are inherently immense. In a democratic society there is a strong aversion to any form of government or statutory control of the press—in spite of this enormous importance to all society. The dangers of government influence are too obvious and too serious.

Over a century ago that very wise man, De Tocqueville, said: ‘‘There is no medium between servitude and extreme licence; in order to enjoy the inestimable benefits which the liberty of the Press ensures, it is necessary to submit to the inevitable evil it engenders.’’

And De Tocqueville also said though: ‘‘If anyone could point out an intermediate and yet tenable position between the complete independence and the entire subjection of the expression of public opinion, I should be perhaps inclined to adopt it; but the difficulty is to discover this position.’’

A press council in a way represents an attempt to find such a position, far short of course, of any statutory regulation, but providing for some check on the performance of papers. It’s a move by newspapers themselves to set up an independent body that can review and report on what they do and do not publish.

In my view a great deal of credit should go to newspaper publishers who give their covenant and their financial support to setting up a body that may well criticize what their organizations do. We are all familiar with various trade associations, but I myself cannot think of another industry that has set up a group of tough-minded employees and members of the public to watch over the service that industry provides.

In quite a significant way, I think the press council movement is a sort of sign of our times. Newspapers are extremely important institutions in our society; and, like other institutions they have been coming under increasing criticism. As in many other instances there has been a feeling of a certain gap between the institution and those whom it serves. A press council should provide a new medium of understanding between individual readers and large publishing concerns. It gives real influence to representative members of the public and to thoughtful employees working together.

As an individual each one of you should be able to expect pretty good service from the newspaper or newspapers you read. Of course, by no means everything printed will or should interest you—others too, have their particular tastes and their concerns are different from yours. A newspaper cannot possibly publish all the information available, even about one given topic. It has to select and to condense. But you have the right to expect that the selection and condensation be competently and fairly done. A good newspaper and its special writers should have and should express their own opinions on many subjects. But you have the right to expect as a reader that other views too will be covered and available to you.

It is probably true that in the long run the public gets the press it deserves. Publishers and editors are very sensitive to different tastes and interests and concerns and reactions, and will very often try to meet expressions of those concerns and opinions. Actually, a letter to a paper may have more effect than you realize.

I said at the beginning that you probably all grumble at times about the press. I do plead with you that when you have a complaint you do communicate it to the paper. That will be good for the paper, it will probably help your point of view too, it will be in the public interest.

If you don't get satisfaction from the newspaper, if it is a participant in the Ontario Press Council, send it on to us. We will be glad to go to work on the problem. But remember, newspapers and their owners and editors have a great responsibility that you as readers have also responsibility for a good press.

Dr. Dunton was thanked on behalf of The Empire Club by Sir Arthur Chetwynd, a Director of the Club.

SIR ARTHUR CHETWYND:

Thank you, Mr. Chairman—Reverend Sir, Your Worship, and I realize I pause here, inspite of my age I am somewhat sensitive to what occurs in the newspapers these days and I am not too sure whether I say Women and Men or Ladies and Gentlemen. I hope you accept the Ladies and Gentlemen.

I find myself in the parallel position of one trying to find a gift for an executive, and you all know this statement, who has everything. How does one thank someone who has, indeed, done just about everything in his lifetime and done it so well. If The Empire Club offered a challenge trophy for their speakers, as this is the third time that Dr. Dunton has addressed The Empire Club, we would make it very simple and present him with a trophy in perpetuity.

Seriously, some several years ago I had the opportunity of meeting with Dr. Dunton several times as a representative of our particular industry and he at that time was the Chief Executive of the Canadian Broadcasting Corporation, a vital Canadian public corporation which he served so well for many years. In passing, sir, whilst I don't wish to make any unfair comparisons, I think it's safe to say that since you left, our discussions with the C.B.C., I think, have been somewhat less fruitful and satisfying. That's an inside joke and we will leave it at that.

Our speaker has had a long and remarkable career providing outstanding talent and leadership as the head of some of our most important organizations and institutions. Young people in Canada today are constantly reminded that in this fast-moving, technological age, they must be prepared to train for and to change their careers several times in their lifetime. Our speaker is an outstanding example to Canadians in all walks of life and is perhaps a prophet before his time. His continuing dynamism and contributions in many fields mark him as one of Canada's most illustrious sons where it really counts, being involved in the important happenings of everyday Canadian life.

Davidson Dunton has made many headlines in the press over the years. In his new capacity as Chairman of the Ontario Press Council, he is taking on what might well be one of his most challenging and sensitive chores of his career. I am sure all of us at The Empire Club want to wish you the best of luck, sir. We can expect exciting happenings. I am honoured, sir, to be asked to pass on to you the sincere thanks of The Empire Club for taking time out of your very busy schedule to speak to us today. We look forward to hearing from you again in the future and to start a new hat trick performance. Thank you, sir.

OCTOBER 19, 1972

New Directions in Economic Policy

AN ADDRESS BY The Honourable Robert L. Stanfield, P.C., Q.C., M.P., LL.D., LEADER OF THE PROGRESSIVE CONSERVATIVE PARTY OF CANADA AND LEADER OF THE OPPOSITION

CHAIRMAN The President, Joseph H. Potts

MR. POTTS:

One of my partners today remarked that, in his judgment at least, I was conservatively dressed. Now I hastened to assure him and I hasten to assure you that I have scrupulously observed the non-partisan tradition of this Club and the suit that I am wearing today is one and the same as I wore on a similar occasion three weeks ago.

It is my pleasure and privilege to welcome back to The Empire Club, on your behalf, a great Canadian, The Hon. Robert L. Stanfield, Leader of Her Majesty's Loyal Opposition in the House of Commons and Leader of the Progressive Conservative Party of Canada.

Sir, we are indeed honoured by your presence today, particularly in view of the fact that you have taken time out to do so in the midst of a hectic election campaign. It is not absolutely essential to have addressed The Empire Club in order to become the Prime Minister of Canada—but it certainly helps—as a reading of the history of the Club will testify.

Nine Canadians have held the high office of Prime Minister since the Club was founded almost seventy years ago. Now six of the nine addressed the Club prior to becoming Prime

Minister—of the remaining three, one was already Prime Minister at the time the Club was founded so that really isn't an exception.

Now accordingly, if one is to convert these statistics into percentages, as is the custom with Gallup polls, the cost of living index, and seasonally adjusted rates of unemployment, the odds, Sir, are very much in your favour. Now according to my calculations, they come out to the startling figure of 77.78%—enough to cause extreme concern to the staunchest Liberal.

Moreover, your credentials are of the highest in this regard. You have spoken to us on two occasions as Premier of Nova Scotia.

And this is not the first occasion that we will have had the pleasure of hearing an address from you in your capacity as Leader of Her Majesty's Loyal Opposition, but it may be the last—as Leader of the Opposition. Having regard to the well recognized vagaries and vicissitudes of political life, you might well be the Prime Minister on the next occasion.

Indeed, if that event should occur after the votes are tabulated on October 30, I hasten to extend an invitation to you to speak to us again during the 1972-73 season—that would certainly be a record for the Club—two Prime Ministers in the same season!

On November 22, 1905, Mr. Robert L. Borden addressed The Empire Club. He was then the Leader of the Conservative Party in Canada and, as you know, later became the Prime Minister of Canada. He stated at that time and I quote:

> "The very nature of our institutions imposes upon every citizen the duty and responsibility of active interest in public affairs, of public service to the State; the duty of sharing in the public life of this country in whatever manner he may find his activities most useful. We never can have, we never can continue to have, those high standards of public life which we are entitled to expect unless every good citizen of

> this country is willing at all times to contribute a little of his time, his energies and his abilities towards giving us in Canada the very highest form of representative institutions which are possible and attainable.''

I find those remarks particularly appropriate today. Indeed, in reviewing our guest of honour's record of service to this country, one is entitled to conclude that Mr. Stanfield, at an early age, had taken those words to heart and had adopted them as his personal guidelines.

Mr. Stanfield was born in Truro, Nova Scotia, which is a truly delightful city. It conjures up very happy memories for me because it is not too far distant from Camp Debert and was the place in Canada where I ate my last T-bone steak prior to embarkation overseas during the Second World War.

Mr. Stanfield is blessed with a brilliant mind. He was awarded the Governor General's Gold Medal for having attained the highest academic standing at Dalhousie University.

He has had a distinguished political career dating back to 1948 when he was elected as Leader of the Nova Scotia Progressive Conservative Party.

He is a politician who does not flinch from what may appear as insurmountable odds.

At that time his party had no seats in the Legislature and the Liberals had been in power, except for a very short period, since 1882.

However, eight years later he was sworn in as Premier of Nova Scotia, a position he retained until he resigned in 1967 in order to contest and to win the Leadership of the Progressive Conservative Party of Canada.

He is a man of unquestioned integrity with a marvelous sense of humour.

One cannot help but be impressed by his dedication and sincerity and overwhelmed by his warmth and by his compassion.

Ladies and Gentlemen, The Honourable Robert L. Stanfield.

THE HONOURABLE ROBERT L. STANFIELD: Mr. Chairman, Mr. Premier, Your Worship the Mayor, Mr. Frost, other distinguished guests, Ladies and Gentlemen.

It is clear, of course, that I have come here at very great sacrifice to speak to a few people at noontime in Toronto in the course of an election campaign. I am glad that I have overcome one of the hurdles to win the election, that is speaking here in the course of the campaign. Now all I have to do is win the election.

Well I am here today to speak to you about new directions in economic policy and I should be speaking to you without frills but with an earnest desire to present the case for such a change in directions and to describe to you some of the changes I propose to make.

There is a widespread interest in Canada today about the objectives and about the goals to be pursued by our central government and an interest also in the policies and programs presented by the parties which are designed to achieve national objectives and national goals. I want to say to you, first of all, that with respect to policy and to policy alternatives, no party is more clearly on the record with more specific policy than is the party that I lead. And I intend to make that even more clear to you today.

Over the five years that I have been the national Leader of this great party, I have insisted not only that policy formulation be a matter of major importance, but also that the members of the party have the most important part in the determination of those policies. To this end we held a policy conference at Niagara back in 1969 and a major portion of our 1971 annual meeting was also devoted to consideration of policy.

The one result of these conferences was the publication in May of this year of a book entitled Policies and Commitments which has been sent out to all of our candidates and I simply hold it up to you and if you will excuse me, I won't read it through to you here today. The policies contained in this book have been condensed into pamphlet form and these are being regularly released.

We have also prepared a summary of some of the most important policies relating to many of the major issues of this campaign and this summary brochure is available in eleven languages.

Now as to the objectives that we must achieve in this country in these years immediately ahead . . . I have already identified these, but I want to briefly review them here now. The first of these is full employment, by which I mean a rate of unemployment of between three-and-a-half and four percent and not seven percent, which is the present rate.

The second of these objectives must be the attainment of a reasonable degree of price stability, and the containment of the present continuing wage-price push on living costs.

The third objective is a more effective and rapid rate of progress toward the basic and unfulfilled promise of confederation itself and this is the alleviation of regional disparity which is a direct cause of national disunity and discontent.

The fourth objective is one which only we have begrudged ourselves and which only we deny to ourselves, and that is a strong, confident sense of Canadian identity, by which I mean the achievement of a priority of opportunities for Canadians, a priority of opportunity for Canadians in both the cultural and the economic development of their own country.

Those are the foremost objectives of any government that I would lead, and they are objectives that I am confident can be achieved through deliberate policy. These objectives can be achieved through the acceptance of federal responsibility and provided that the majority of Canadians accept for themselves an appropriate measure of responsibility which they will cheerfully do, if they are also active participants in achieving these goals. The degree to which Canadians will accept such responsibility depends on the degree in which they believe they are involved in the development of their own country, and involved in the fulfillment of national policy.

Clearly, there are two ways of implementing national policy. The first is to assume that the prime instrument and authority will be the federal government; the second method—and the better way—is to assume that people ought to be the prime instrument of policy. If government is to do it, the citizen becomes only a taxpaying spectator. If the citizen himself is to be involved, then the government needs to provide the incentives for the involvement of the citizen.

If we have learned anything from recent experience it must be the lesson that if we want to create jobs, if we want to encourage enterprise, the least effective way to do it is to encourage the assumption that it can be done by direct government spending. We have also learned that jobs do not increase in direct proportion to the amounts of money spent by government and indeed, experience tells us that the opposite is sometimes true.

But the greatest lesson that we ought to have learned is that the larger the size and the scale of government lending and spending programs, the larger the number of people there will be who do not comprehend those programs. I suspect that if we could infiltrate all the rhetoric of Mr. David Lewis we might find a kernel of truth which I doubt that he himself has yet seen.

And that kernel of truth is that full employment cannot be achieved simply by a conglomerate big government, big corporations, big unions and big spending. A government that is determined to rely on direct subsidy rather than on incentive to achieve its purposes will not only fail, but it will inevitably make "bums" out of all of us, corporate or otherwise, in the sense that our basic dependence will come to be upon the welfare of government rather than upon our own initiative and our own capacity.

It is characteristic of the government today that its preoccupation with its own size and power leads it to ignore those it considers to be of relative inconsequence. Attempts at tax reform, you will recall, led big government to attempt to ignore the vital interests of small business, and to attack the traditional concept of the family farm. And yet, small business in this country generates more employment, more real growth, and more tax revenue, and bears more of the cost burden of government, than does so-called big business in this country.

The fact is that Canada is still a country where there are more wage-earners who do not belong to unions and where there are more businessmen who do not work for big corporations.

It is also a fact that the economic and fiscal policies of Canada persistently ignore this reality.

Mr. Chairman, I'm not opposed to the established practices of providing incentives to corporations through the various devices of accelerated depreciation write-offs, deferred profits and the like. Indeed my experience in government persuades me that these are not only acceptable but they are, in many instances, essential. I do believe, however, that these policies must be prudently and sensibly administered, but that is an aside from my present discussion.

Because my point is this: if such incentives are productive for major corporations, why would they not also be productive for small business and for the individual entrepreneur? I am convinced that similar incentives extended throughout the Canadian economy would be at least as productive, would encourage initiative and enterprise, and would release the creative capacity of thousands of Canadians now restricted by lack of capital, by high taxation, and by high lending rates.

If full employment is to be a national priority—and it is—we must look to those elements in our economy which are less influenced by technological change, that remain labour-intensive, such as small business. Far too much of this section of our economy is presently ignored and excluded from consideration by government policy and excluded from the encouragement of fiscal incentives. We propose to change this situation with a new plan. We propose to encourage the individual to invest in the expansion of his business or in any small business, to invest in any new enterprise on his own, or in partnership with others.

To encourage the individual to do so, we propose to introduce a Canadian Investment Credit Incentive. This investment credit will be available to any Canadian citizen who makes a direct investment in the equity of a Canadian-owned small business. The credit, which will be 50% of qualified investments to a maximum of $5,000 each year, will either be offset against the individual's income tax for the year, or rebated directly to him. Qualifying investments will include new equity shares in corporations and direct participation in a proprietorship or partnership.

But in order for the credit to be granted, the business will be required to register with the Department of Industry, Trade and Commerce, since only investment in Canadian-owned small businesses will qualify. Small business will include corporations with a net worth up to $1,000,000 and annual revenue up to $10,000,000. In the case of corporations approaching the upper size limits, it will be necessary to establish that new capital requirements will in fact provide substantial additional jobs and careers in Canada.

No corporation will be able to qualify as a small business under this plan if its shares are listed on a stock exchange or if it is controlled by a corporation that does not qualify.

Certain kinds of business will not qualify for this investment credit . . . for example, oil and gas exploration and development businesses, mining businesses, and the like, will not qualify. Similarly, real estate ownership and development, leasing and financial businesses will not qualify. I give these as examples.

The advantage of the tax credit will remain with the investor so long as he continues to hold it, but will be repayable to the government if and when the investment is realized. If the investor does not recover his full investment, the amount of credit repayable to the government will be half of his recovery. No capital loss deduction will be allowed. If the investor realizes a gain, the gain will be taxable in the ordinary way.

I believe that this incentive will do more, in a single year, to stimulate private initiative, to provide more new opportunities for new jobs, and to stimulate demand for goods and services than any combination of direct government loans, concessions, and subsidies presently in effect.

Such a policy will re-involve the average Canadian in the achievement of national objectives, among them the urgent need for full employment and the need to encourage Canadian investment, Canadian participation and Canadian ownership in the development of the national economy. Such a policy will give new initiatives to our young people, many of whom today are deprived and denied opportunity to participate in the economy.

Now some of you will ask how much this will cost and I want to make three points in reply to that question that may be in your mind.

First, it will cost far far less than the billion dollars we are now spending this year on unemployment insurance payments alone to sustain an unemployment rate of seven percent.

I would expect, and indeed I would hope that the cost to the federal treasury in the first year of this program would be in the order of $300-million. I say ''cost'' in the sense that this amount would be lost to current federal revenue and treated as deferred personal tax.

Secondly I want to emphasize that whatever the amount is, *double* the amount will have been injected into the economy by way of new investment in job-intensive businesses.

Third, keep in mind that the larger the amount the larger the impact that this policy can be assumed to have in expanding job opportunities.

The risk factor in terms of possible ultimate loss is absolutely not greater either relatively or absolutely as far as overall productivity is concerned, than the risks being taken today in relation to a multitude of federal government loans and grants.

Finally, let me say that this represents the first major attempt in national policy at genuine grass-roots economic development. It represents a shared risk between the individual and his government in community and local enterprise, just as it represents a mutual benefit to both the individual and the government when these incentives produce business activity, profits, and most important substantial opportunities for employment.

Our policy represents an effort to apply the same logic, and offers comparable incentives to the individual Canadian, just as these incentives are available to the corporate community. And I point out to you again that this area of business and commerce is more job-intensive than are the resource-based industries, or for example, the high technology big corporate enterprises.

I realize that other incentive programs will also be required. I said earlier, I do not shy away from other incentive programs —deferred taxes, grants and the like, but the thoughtless application of such programs without clearly aiming the incentives at achieving realistic goals is aimless and needless waste. If there are cases where corporations have received unnecessary and over-generous grants or concessions (and I believe there are such cases) this does not refute the need for incentives. It merely indicates that the grant system concerned was ill-conceived or badly administered.

There are regions of this country that require special attention because opportunity is not equal in all parts of the country. I do not intend today to go into detail as to the exact nature of incentives that we will implement to counteract regional disparity. But we do accept as a basic premise underlying our regional development strategy that Canada is composed of differing economic regions, each with different economic potential and capacity. Our strategy also recognizes that the provinces and municipalities must be involved in the planning process and that federal incentives must not create chaos in local planning.

It is folly to encourage the establishment of a substantial plant in a community whose ratepayers lack the capacity to provide sewage, housing, schools and all of the other services necessary to support the industry unless these services can be provided in some other way.

Nor should regional development plans ignore the existing level and types of skill of the local population. In short, our programs for regional development will ensure that there is consultation and co-ordination between the federal government and the provincial, regional and municipal governments so that the maximum benefit may be obtained not only for the region but for the country as a whole.

The government I lead will mount a vigorous attack, I say this openly to you here in Toronto, a rigorous attack, on the problems of regional disparity. The programs will be costly

—such programs must be costly if the attack is to be effective—but they must be more effective. And the bulk of the burden for financing this will continue to fall on the taxpayers of Ontario. I am well aware of this.

I have said elsewhere in the country, and I will repeat it to you, that the programs designed to alleviate regional disparity, if they are seen to be exercises in futility, they not only frustrate the intended beneficiaries, but they also frustrate the donors.

Believe me, I have direct experience, and I have personal knowledge of the escalating economic and social problems that are created by chronic and continuing disparity. And I will say to you quite frankly that one reason I enlisted in national politics was to make a positive and effective contribution to the fulfillment of the first obligation of Confederation, and to make a contribution to the solution of problems which I know to be the root and the national branch of all other problems of national disunity and discontent.

The government I lead will be prepared to accept that the key problem in all this complexity of problems relating to regional disparity is the problem of transportation costs.

Until some greater equity is achieved in transportation costs on a national basis, all the grants, all the loans, all the subventions, everything else, these will be in vain.

The solutions to our transportation problems are complex, but they are, nevertheless pretty obvious. Whatever the less prosperous parts of Canada produce, or manufacture, their economies will never be improved, much less made prosperous unless their products can be moved to markets at competitive costs.

The young people of our country today have a right to enjoy a sense of confidence and pride of place as Canadians, as they have the right to the anticipation of productive careers in our country. I am very well aware of the fact that many young Canadians today do not believe they have a place in our society, nor do they anticipate, as we did in my generation, a future of achievement, a future of fulfillment.

That is why I say to you, we are not in my Party working for

Statistics Canada, we are not working simply to increase the size of the gross national product or to increase the size of profits after taxation. We are working for a greater sense of involvement and a greater sense of participation by all Canadians in the building of a great nation. And that is my message to you. That is what our policy is all about and it is on that basis that we are appealing to the people of Canada for support.

Mr. Stanfield was thanked on behalf of The Empire Club by Mr. Sydney Hermant, a Past President of the Club.

MR. HERMANT:

Mr. President, Mr. Premier, Mr. Elder Statesman and former Premier, members of The Empire Club of Canada and guests: I say to you, Honourable Sir, that while we know this was not a political speech, that while we know that this Club, like the Daily Star, has no politics, and those of you that haven't applauded when you read the noon edition you will, while our members hopefully are vitally involved and concerned with this election, as individuals, all of us being impartial today, some a little more impartial than others, I must say to you, Sir, that in the business community and as members of The Empire Club, we get the message.

I don't want to be presumptuous and add to what our distinguished President said when he so suitably introduced you, Sir, but allow me to emphasize again that the business community and all Canadians are grateful to you, a man of integrity and ability, who has come out from his own boardroom, away from his club, away from the comfortable establishment and gone into the arena. And this is what we admire and respect and appreciate.

Now, as you know, when our Right Honourable Guest today speaks usually he is recorded meticulously in Hansard. Now I wouldn't be faithful to The Empire Club if I didn't remind you all, and I know that many of you are members and have come here for that reason today and many wish to become members, that the full text of this magnificent address today will appear in the annual year book which goes to all members without further charge. Mr. President, I have discharged that obligation.

We believe absolutely that freedom and free enterprise are indivisible and we are grateful to you, Sir, for emphasizing that to us again. I would emphasize, of course, that in concluding, to be absolutely certain that nobody is under any misapprehension that, as a Club, we have no politics, but, I think we might go as far as to endorse and perhaps I would paraphrase it in the words of Gilbert and Sullivan, we would hope that every Canadian born alive is liberal or conservative. No corporate bums.

Thank you, Sir, we appreciate this interlude and may we wish you well. As the President has said—Her Majesty's Loyal Opposition and the British parliamentary system play a vital role. The Prime Minister plays perhaps even a more vital role so we are looking forward to having you back. Thank you very much.

OCTOBER 26, 1972

Canadian Labour—Today

AN ADDRESS BY Donald MacDonald, LL.D.
PRESIDENT, CANADIAN LABOUR CONGRESS

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

Before I proceed with the introduction of our guest speaker, having regard to the distinguished labour leaders who are at our head table today, and in the audience as well, permit me to proudly put on record my own credentials. Some years ago I was a member of The International Brotherhood of Pulp, Sulphite and Paper Mill Workers, but I don't think my membership is now in good standing because I haven't been paying my dues recently.

Mr. MacDonald: "The Union doesn't exist either."

It is my great pressure and privilege to welcome back to The Empire Club of Canada, on your behalf, a great Canadian, Donald MacDonald, President of the Canadian Labour Congress. Many eminent economists have endeavoured to articulate the difference between capital and labour.

One, who can only be described as a wag, attempted to do so by defining each word as follows:

> "The money you lend represents capital—trying to get it back represents labour."

Sir, we are indeed honoured by your presence today, particularly in view of the fact that you have taken time out to do so in the midst of an extremely busy schedule.

Speaking on the subject 'Problems of Industry & Labour', Mr. James A. Emery, Secretary of the Citizens Industrial Association of America, had this to say when addressing The Empire Club of Canada on October 25, 1906, and I quote:

> "The relation between him who works and him for whom he works is not a problem of merely the present day. It is as old as man . . . "

From the first strike of the Hebrew bricklayers, related in Exodus, even to the present day, every nation has passed through its industrial difficulties. The adjustment of the relations between capital and labour troubled the Roman as much as it does the American, and when Minimus Agrippa met the Plebeians on the Sacred Mount outside of Rome, and related to them the story of the hands and the stomach as a means of persuading them to return again, he related, described, and illustrated a relationship as well as it has ever been described or paralleled from that day to this. The Plebeians felt that they were bearing an undue share of the cost of Roman life; that they received less than their share of the productions of the Roman civilization, and bore far more than they should of the burden of the State; and Agrippa told them the story of the hands, the feet, the various organs of the body, rebelling against further service to the stomach, and declaring that one did the work, and the other assisted, and each bore its share. What did the stomach do? It merely received, and enjoyed the fruit of their labour; and he impressed upon them the fact that it was the stomach that supplied strength to all the organs and enabled each to do its share toward continuing the life of the human machine, and so impressed them with the importance of that relationship between all these complex parts of the wonderful whole that they went back into the city, and renewed again, in a practical way, their attempt to solve their relations with their masters.

The Honourable William Lyon Mackenzie King spoke in a similar vein when he addressed the Club in 1919, on the subject "The Four Parties to Industry".

The Empire Club has provided a continuous forum for discussion of public issues by men of distinction since it was founded in 1903. Since that date no subject of discussion has been more pertinent, on a continuing basis, than that of Industrial Relations. Indeed, during that period, we have been repeatedly honoured by distinguished leaders of labour. To mention but a few—Samuel Gompers, President of the American Federation of Labour, Tom Moore, President of the Trades and Labour Council of Canada, William Green, President of the American Federation of Labour, Walter Reuther, Claude Jodoin, George Burt and Leonard Woodcock.

Our guest today is no less distinguished. Educated at the Sydney Academy in Cape Breton, he took several extension courses at St. Francis Xavier University, Antigonish, Nova Scotia, which University, in recognition of his outstanding contribution to the public life of Canada, conferred on him the degree of Doctor of Laws.

At 17 he went to work in the coal industry and at 21 was the President of his union, Local 4560, United Mine Workers of America.

He was elected to the Nova Scotia Legislature in 1941 and was leader of the C.C.F. Party in that Assembly until 1945.

Mr. MacDonald has long had an active interest in the co-operative movement, helping to organize three successful co-operative ventures in Nova Scotia in housing, credit union and consumer fields.

His interest in co-operatives has continued, and he has been instrumental in bringing about closer relations between the Canadian Labour Congress and the co-operative movement.

He was Regional Director of Organization of the Canadian Congress of Labour for the Maritimes and in 1951 became its secretary-treasurer and chief executive officer, continuing in that office when the Canadian Labour Congress was formed. He was elected President of that organization in 1968 and re-elected in 1970 and 1972.

He was singularly honoured this year in being the first non-European to be elected President of the International Confederation of Free Trade Unions.

He is also a member of the Canada Labour Relations Board, the Economic Council of Canada, the Central Council of the Red Cross, The Canadian National Commission for UNESCO, the Executive of the Canada Safety Council and Vice-President of the Vanier Institute of the Family.

Gentlemen, Mr. Donald MacDonald, President of the Canadian Labour Congress.

MR. DONALD MacDONALD:

Thank you President Potts for that overly generous introduction. Honoured Head Table Guests, Gentlemen:

May I first of all say, in all sincerity, that it is to me a tremendous pleasure to have this opportunity to return and speak to this distinguished gathering. The Empire Club has long provided a platform for people from many walks of life to present their views on topics of the day. To me, to be included in this season's list of speakers is indeed flattering, especially when I note from that list that it has included two of our most eminent "practising politicians", in recent weeks.

As I will be your last guest speaker before Canada goes to the polls in four days' time, the thought entered my mind that I could be perhaps what is referred to in trade union parlance as the "cooling off" period.

In one sense, I will not disappoint those who may desire respite from political speeches. On the other hand, thanks to the generous latitude extended to me by President Potts, I have taken it upon myself to choose as my subject today "Canadian Labour—To-day", which in itself perhaps could hardly be described as conducive to "cooling off" certain segments of Canadian society.

But that be as it may, it is a commonplace to say that changes in our society, and particularly in our institutions, are becoming increasingly accelerated. But this is certainly true insofar as the Canadian labour movement is concerned and perhaps a few figures, although I am not prone to quoting statistics, might nevertheless serve to outline the basic change which has taken place in the labour movement.

In recent years, organized labour has, this probably is known to all of you, increased in size. Since 1965, total membership in the Canadian labour movement has risen by 40 per cent, to today where it counts in numbers to an aggregate of over 2,200,000 Canadian men and women who are members of our unions. A significant factor in this increase of course has been the organization of public service employees at all three levels of government. This, of course, in addition to the organizing activities of unions operating in the private sectors of the economy. I might add, having quoted the figure 2,200,000, that three-quarters of those belong to unions which are affiliated with the Canadian Labour Congress.

The growing numbers in the labour movement, to which I have made reference, together with substantial wage demands in recent years by our unions and, admittedly, their considerable success in achieving those wage demands, have been and are regarded with some foreboding in certain quarters. And we hear cries of alarm that unions are becoming too powerful, and time and again it is charged that unions are destroying the country's economy and "must be put in their place".

The less sophisticated invariably single out unions as the primary cause of any inflationary processes that we may be experiencing. Their simplistic solution is, invariably, to propose the imposition of wage controls.

In reply to these allegations, let me elaborate briefly on the role of our labour unions in the Canadian economy, as I see it.

It is quite true that wage demands and settlements have been higher in recent years. But I make no apology for this. On the contrary, I take pride in this very fact. These achievements have not in any way, shape or form proven to be adverse to the Canadian economy.

We are accustomed to the traditional exhortations that we are about to price ourselves out of our external markets, because of these wage increases. But the facts, and that's what is important, the facts have constantly proved that this is not, and has never been, the case. Our inflation rate here in Canada in recent years has been relatively low compared to most western industrialized countries, and we certainly have had no balance of payments problem. If anything, I would suggest that we have succeeded too well in our external trade and that is especially true from the viewpoint of our major trading partner, the United States.

I need hardly remind an audience of this nature of the confrontations which took place between Canada and the former Secretary of the Treasury of the United States, who indicated as you will well recall in pretty emphatic terms that Canada was getting the better deal in its trade relations with his country.

I must say bluntly that there are those who, through prejudice, or because of a lack of understanding of how the economic processes work, blame labour, and especially organized labour, for causing inflation. In spite of all the evidence to the contrary, assembled by academic economists down through the years, the myth of labour as *the* "bad boy" in the inflationary spiral persists in the minds of all too many people even to this day.

But very recently, this myth was once again disproven, and this time by no less a body than the Prices and Incomes Commission. As you all know, the Prices and Incomes Commission was established in June 1969, and the terms of reference that were given to it were "to inquire into and report upon the causes, processes and consequences of inflation and to inform those making current price and income decisions, the general public and the government, on how price stability may best be achieved."

Three years later, the Commission released its report. Let me read to you what it had to say on the origins of recent Canadian inflation: It said this:

> "There is substantial agreement that the relatively rapid inflation of prices and costs in Canada which began in the mid-1960's was initiated by a build-up of unusually strong demand pressure on the economy's existing productive capacity and manpower resources.
>
> "The degree of tightness which developed in product and labor markets was, of course, much more pronounced in

> some areas of the economy than in others, and the demand pressures which caused this tightness were by no means entirely of domestic origin. The effects of expansionary fiscal and monetary policies in Canada in encouraging the growth of demand were reinforced, in areas such as exports and capital spending, by the spill-over effects of rising demand in the United States where the pace of economic recovery was also acquiring increasing momentum.''

In the last few years, some degree of inflation has persisted even though there has not been undue pressure of demand on the economy's productive capacity. And again, this has resulted in many blaming labour. But the findings of that Prices and Incomes Commission must have been a great disappointment to such people.

Dr. John Young, the Chairman of the Commission, in a television interview following the release of the Commission's report, put it in capsule form when he said: ''We do not attach particular significance to unions as a contributing force in inflation.''

I think that these are very significant words and could be well reflected on by many people who obviously had both a lack of understanding of the economic processes and of the Canadian Trade Union movement, particularly with respect to the wage demands to which I made reference.

There are in fact *two* basic causes of higher wage demands in recent years.

One is the ''revolution of rising expectations'', which means, in effect, that the working people of Canada, through their wage demands, are expressing their desire to share in the comparatively high standards of living which they see all around them. And I, personally, see nothing wrong in this. I see nothing wrong with the aspirations of workers and their families wanting to obtain incomes which would provide them with similar kinds of economic and social satisfactions as other occupational groups in society enjoy. I see nothing wrong with workers who have ambitions to improve the lot of their children, so that these children will not suffer from the lack of the educational and cultural advantages which they themselves experienced.

But I do see something wrong—I see something very wrong in the fact that children of wage-earners, even to-day, continue to remain a small minority in the colleges and universities of our nation and the reason for this to me is obvious. The average industrial worker's wage is still far, far below what is adequate for him to provide for his children's education.

I see something wrong, too, in that many of these children, lacking the opportunity for higher schooling, will go through life frustrated because they are not equipped with the necessary formal education to compete in a society where employers are increasingly demanding higher education.

I have cited briefly one basic cause of higher wage demands. The *second* major cause in my view consists of a response to an economic environment which is completely—and I wish to state this point without qualification—created by domestic government policies and external forces.

The inflation which was unleashed in the middle of the 1960's can be largely traced to the inept fiscal and erratic monetary policy pursued in the United States after its decision in July 1965 to escalate the Vietnam war. Because of the close interrelationships of our economy with that of the United States, it is not possible to isolate the effects of economic trends and policies from those in this country.

And furthermore, our own policies, and especially monetary policy, was every bit as erratic as that of the United States and the result was the creation of an inflationary North American economy.

It should not be necessary, but perhaps it is for me, to propound the fact that private parties as such do not, and cannot, of themselves create an inflationary environment, but they do *respond* to such an environment. That is the way in which our economic processes work. And unfortunately, it is all too evident that there is still a good deal of misunderstanding on what I regard as this elementary point.

An inflationary situation, like a deflationary situation, is the responsibility of government stabilization policies, at least to the extent that these policies can be effective in the context of external pressures. And wage settlements as such are highly sensitive, and have been always to general economic conditions, whether these conditions are inflationary or deflationary. There is an abundance of economic evidence, from the Prices and Incomes Commission itself, from the Economic Council of Canada, and a host of academic economists to substantiate this position that I express.

But I would like now if I may in my remaining time to turn to another subject which is obviously widely misunderstood. I am referring here to the use of the strike weapon in our collective bargaining process.

The fact is that the strike continues to be the most important source of union power, and that, without this legal right, the collective bargaining process would in effect become literally meaningless.

There are those who contend, and I am sure that many of them do so in good faith, that certain industrial disputes should be settled through compulsory arbitration. From their point of view, this would automatically avert nasty industrial strikes. But I find no difference between this kind of mentality and that of others who would try to convince us that parliamentary democracy is a pretty inefficient way of running the governmental processes of our nation.

They seem to believe that the mere passage of legislation that would enact compulsory arbitration to resolve differences between labour and management in key industries—whatever that may mean—would make a significant contribution to industrial peace.

And here again I must be blunt, and say that those who believe that industrial peace could be achieved by outlawing strikes are naive indeed. I say naive because they are seemingly unaware of what takes place in other countries which have already outlawed the right to strike.

In Australia, for example, a fellow member of our Commonwealth where there is no legal strike provided for under that country's legislation, the number of man-days lost to production through work stoppages for many many years has far exceeded anything that we have known in Canada. Also, and I think this is perhaps a more apt comparison in the totalitarian countries of Europe, in Spain or the Eastern bloc countries, industrial violence has intermittently broken out in spite of tough state laws which in some instances make it a law against the state for workers to resort to strikes.

The evidence is irrefutable; industrial peace cannot be legislated or decreed from on high. The dissatisfaction of workers with the wages paid them and the conditions under which they must work will inevitably find an outlet by the withholding of their labour; irrespective of what any law may ever say.

And I should also like to remind you despite all popular opinion to the contrary that the right to strike in Canada is far from being an unrestricted one. Our federal and provincial laws, without exception, make it mandatory that a trade union must first go through a process of negotiation, mediation and conciliation before it has a right to strike. And once a collective agreement or contract has been negotiated, and most of those are now for periods of from two to three years, unions are prohibited from striking during the time that collective agreement is in effect. Furthermore, any grievances that workers working under those collective agreements may have with respect to the administration of them, must by law at all times, be settled by an arbitration procedure.

Those who advocate compulsory arbitration contend that strikes create economic havoc. But I want to point out that the official facts clearly repudiate this contention. For the year 1971, which is the last year, of course, for which we have official statistics for the moment, work stoppages in Canada accounted for a mere 0.17 of one per cent of man-days lost of the estimated total working time.

I can't refrain from mentioning that this contrasts sharply with the number of man-days lost during the same period as a result of unemployment. There were 48 times as many man-days lost and taken from our economy as a result of unemployment here in Canada during the year 1971. These figures to my mind provide a rough index to the very minor effect which strikes have had on our economy, in terms of lost production, compared to that greater amount lost as a result of unemployment.

But collective bargaining, basic as it is in explaining the existence and purposes of trade unions, is, I want to emphasize, not their sole function. Far far from it.

The Canadian labour movement has always been concerned with economic and social problems involving not only the interests of their own members but that of all Canadians and particularly those who have no effective voice for conveying their needs and aspirations to those in power. We are concerned about elderly citizens who have no option but to live on meagre pensions. We are concerned about the need to improve medicare for the general public. We are concerned about the needs of those who, in our affluent society, live in distressing poverty, in a nation which, by any economic measurement, is either the second or third wealthiest in the world.

As we have said time and again, there are no dues-paying union members among the sick, the disabled, the poor, nor among those unorganized workers who could qualify for union membership if they so decided. But this has never for one moment deterred us from advocating policies, and exerting whatever pressures we could on governments to give effect to such policies, in our endeavours to provide a better way of life for all these groups.

These then, gentlemen, are some of my views on the contemporary labour scene in Canada, and I want to again thank you most sincerely for giving me the opportunity to voice them here. I don't expect that all of you will agree with any one of these views, or that any one of you will agree with all of them, but I do hope you have found them interesting.

Mr. MacDonald was thanked on behalf of The Empire Club by Mr. E. B. Jolliffe, a Past President of the Club.

MR. JOLLIFFE:

Mr. President and gentlemen: In the cooling off period to which he referred, Mr. MacDonald has described with his usual logic and moderation his view of labour's role in our Canadian society and he has done so, I may say, more moderately than he has sometimes conveyed the views of labour to the Government of Canada at certain well known confrontations in a large committee room in the centre block of the Parliament Buildings.

I think in thanking him that we should remind ourselves of his position of leadership in the International Confederation of Free Trade Unions and it must be, I would suggest, gratifying to Canadians that one of our people should lead that international organization at a time like this, particularly because it constitutes a significant link between our own people and other people in a great many countries of importance to us, particularly in western Europe and in his efforts on behalf of that organization and establishing closer relations between ourselves and the people of western Europe in particular. I am sure that we all wish him success in the period which lies ahead.

On behalf of you, sir, and the Club, may I express our thanks to Mr. MacDonald for this speech that he has made here today.

NOVEMBER 2, 1972

Message of Munich

AN ADDRESS BY James Worrall, Q.C., B.SC.
MEMBER, INTERNATIONAL OLYMPIC COMMITTEE

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

In Greek mythology the gods were supposed to dwell upon a mountain called Olympus; Olympian implies something that is godlike.

Although I may not have accorded Olympic athletes the reverence appropriate for a deity, athletes, Olympic or not, have always filled me with awe.

Moreover, they have given me an inferiority complex—attributable no doubt to the fact that I was never blessed with athletic prowess.

It took me some time to recognize my limitations in this regard.

Originally I proceeded on the basis that determination, regular training and hard work were the key to athletic success.

However, as I grew older, I discovered that a natural aptitude was also an essential ingredient.

In public school, when I was in Grade 8, I tried out for various teams only to find that boys from Grades 6 and 7 were selected ahead of me.

But my rude awakening occurred in high school.

I decided to go out for the track team—so I got up early every morning for a couple of weeks and I practised faithfully.

I earned money so that I could purchase the appropriate track shoes.

On the day of the meet I was ready to take on all comers—in my age group—for the one mile race.

There I was in tip-top shape in my shorts, my T-shirt and track shoes—the very picture of an athlete.

Then came my nemesis—a friend of the same age, named Tommy MacMillan, his name is indelibly inscribed in my memory, a veritable pygmy in comparison to myself, wearing heavy boots, long pants, a sweater and a jacket who, to my certain knowledge, had not practised for five minutes, decided at the last minute to enter the race.

I hardly need to tell you the outcome—MacMillan led the pack all the way and won easily with apparently no effort.

In any event I concluded that I should concentrate on other endeavours.

On the other hand, MacMillan never went on to the Olympics because natural aptitude is not sufficient in itself.

This is a self-evident truth, but fortunately there are those amongst us who are endeavouring to take practical steps to ensure that all essential ingredients are indeed present.

A significant endeavour in this direction is the recently announced ''Game Plan '76'' which has the aim of putting Canadian athletes in the top 10 nations in point standing at the Olympic Games in Montreal in 1976.

The Chairman of the Steering Committee of Game Plan '76 is with us: Mr. Szabo, who was introduced to you previously.

This is also one of the major responsibilities of our guest speaker, as the only Canadian member of the International Olympic Committee.

Sir, it is my great pleasure and privilege, on behalf of every member and guest, to welcome you to The Empire Club of Canada.

Mr. Worrall was never plagued with what I refer to as my ''MacMillan Syndrome''.

As an athlete, he represented Canada at the British Empire and Commonwealth Games, 1934, in London, England, and at the Olympic Games in 1936, in Berlin, Germany, and in numerous other national and international sports events.

He specialized in the hurdles and tells me he has been leaping barriers all throughout his life.

Following retirement as a Flight Lieutenant from the Royal Canadian Air Force, he re-established the Ontario Track and Field Branch of the then Amateur Athletic Union of Canada, the Canadian Legion Track and Field Coaching School and other amateur sports organizations. He served for several years as Vice-President and then as President of the Amateur Athletic Union of Canada.

He was President of the Ontario Fencing Federation and the first President of the Canadian Sports Advisory Council (now Canadian Amateur Sports Federation), appointed a Director of the Canadian Olympic Association in 1947, and served as Vice-President and President for many years until his retirement as President in 1968.

During those years he attended all the Olympic Games in England, Finland, Australia, Italy, Japan and Mexico, either as an Assistant Chef de Mission, Chef de Mission or as President of the Canadian Olympic Association.

In addition, he has attended several international sports conferences in different countries representing Canada. He was appointed the Canadian member to the International Olympic Committee in Teheran in 1967.

In that capacity he has attended all subsequent meetings of the Committee in Grenoble, Mexico, Warsaw, Amsterdam, Luxembourg, and more recently, Sapporo.

During 1960 and 1961, he served as a member of the Physical Fitness Study Committee appointed by Premier Frost.

In 1961, he was appointed a member of the National Advisory Council on Fitness and Amateur Sports and served two years as Chairman, retiring in 1966. He is presently a member of the Montreal Organizing Committee for the 1976 Olympics.

But Mr. Worrall's claims to fame are by no means limited to his athletic endeavours.

He is one of Her Majesty's Counsel Learned in the Law in active practice here in Toronto, having served as Counsel on two Federal Royal Commissions.

He was formerly Physics Master at Upper Canada College following graduation from McGill University as a Bachelor of Science.

He is the Honorary Consul of Finland in Toronto and Vice-Chairman of the Metropolitan Toronto Licensing Commission.

I am delighted to be able to present to you Mr. James Worrall, who will address us on the subject 'MESSAGE OF MUNICH'.

MR. JAMES WORRALL:

Thank you President Joe Potts, Joe and I are old friends and now I know where he gets that sometime nickname Jock Potts.

I suppose speaking about the Munich Games is a bit of an anticlimax after the rather exciting and dramatic experiences to which this country has been subjected since our return from Munich and, of course, I first refer to the cliffhanger that took place between Canada and Russia in the hockey series and later the more immediate cliffhanger, not yet resolved, of a Federal election. But I will try and point my remarks to the fact that the Olympic movement in the world, the Olympic situation in Canada, is not by any means a cliffhanger situation. It's, a matter of fact, a condition that is continuing and will continue because the games have gone on for a long time ever since they were reinstated or started as a modern olympics by Pierre de Coubertin back in 1896. And I am very pleased that Joe at least didn't say that I went back quite that far, although I recently attended the birthday party for a very eminent gentleman who went back at least to 1912 and I refer, of course, to the much maligned Avery Brundage, now retired President of the International Olympic Committee. Without going into detail on that subject— all I can say is hopefully (a) I survive that long and (b) if I do, that I have the man's energy. I have sometimes been referred to as Canada's Avery Brundage. There are two essential differences namely about almost thirty years in age and several million dollars in the bank.

I was a little surprised, incidentally, also to hear Joe refer to his inferiority complex. This is something I have never associated with Joe Potts but I can see the origin now of this traumatic condition. And also I've got two other physical handicaps namely that they never built these things high enough and secondly my eyesight without glasses doesn't quite reach the page so with your permission I'll take them off and put them on in true learned-counsel way from time to time when addressing the Court of Appeal.

Anyone who watched the Olympic Games in Munich on television caught only a glimpse of the colour, excitement and atmosphere that surrounded those Games.

Those of us who were fortunate enough to have been in Munich as spectators got a much greater picture of what the Olympics are all about, and the tremendous organization that was required to stage such a magnificent event.

From an insider's point of view, the operations at Munich were truly a superb example of imagination and idealism converted to reality by first rate administration.

To understand the Munich Olympics, as distinct from previous summer games in Mexico, or Rome or even Tokyo, it is necessary to recall the 1936 games in Berlin—the so-called Nazi Olympics. And I might interject that that was my first exposure to Olympic Games and, nothing like getting in a plug, because it was really my only claim to fame at these games. I had the honour of carrying the Canadian flag. That's because I was the tallest member of the team.

In a very real sense this second factor was a major political objective in what the Germans had to do. They, first of all, had to stage the biggest festival because the numbers of countries participating, the numbers of athletes competing, had steadily increased. The second factor to which I refer is the fact that they wanted to introduce to the world the new Germany as contrasted to the Nazi Germany of 1936 and to the so-called Nazi Olympics of that year. They set out with this objective in mind making this a political objective and I think they almost succeeded.

It is interesting to note that the cost of staging the Olympics was only slightly larger than the cost of an aircraft carrier and as a political instrument, therefore, staging the Munich Games was actually a bargain financially.

The friendliness of the host country, the beauty of the surrounding area, the charm of Munich were seen by hundreds of thousands of visitors to that fair city and a further estimated 900,000,000 people caught glimpses of the new Germany as they sat in front of television sets in every part of the world.

The happy, friendly atmosphere of the Munich Olympics, which prevailed throughout the early days of the games, however, was shattered by the intrusion of political terror. It is inevitable but nonetheless rather saddening to me to find that the first question that is ever asked since my return is about, of course, the terrorist attack on the Israeli athletes.

And this small band of terrorists, with a political purpose far removed from the ideals of the Olympics, was successful in casting a cloud of shock, of dismay and deep mourning over a festival of friendship and international goodwill.

Now there has been much conjecture of course and considerable criticism over the security arrangements at Munich, and I suppose this will be an issue that will be debated for some time to come.

Security was a problem and it will always continue to be a problem, because we in North America have been witness to examples of sick minds who have been able to thwart security arrangements surrounding U.S. political figures and here in Canada we have had our own examples of tragedy and of terror.

Security from such intrusions as the terrorist attack in Munich cannot be left entirely to police or military barriers around an event. It must start in the areas of their source, in the problems of poverty and political extremism.

In a sense, perhaps, the decision to continue the Games after the tragedy reflected the awareness that every step toward building a community of man and international goodwill is, in fact, a step toward halting the growth of violence.

The Olympic Games are not a panacea. They cannot resolve the problems of international antagonisms—but they can and they do help in this area and at one time, of course, in ancient

Greece, they did serve to call a truce between warring city states for a brief period every time the Games were held.

From Munich there will be lessons for Montreal in the area of security, but realistically we must also expect that there will be other lessons from time to time from subsequent actions of political groups because so far we have not seen any significant decline in this area of political activity as recently as even the past weekend.

Now, of course, the second most immediate question of the Munich Games from a Canadian point of view is the performance of the Canadian team.

This was the largest team that Canada has ever sent to the Olympics. There were 219 athletes, 26 coaches, 14 managers, 7 technicians and a headquarters staff of 6, and in support there was also a medical team of 12 comprising doctors, nurses and physiotherapists. There were also 9 grooms for the horses of our equestrians, a very important component of our main team, and three athletes and a manager involved in demonstration sports of water skiing and badminton.

The selection of the Canadian Olympic team involves standards of performance. As a starting point, the International Sports Federations set up minimum standards—measureable performances in time, in height and distance in such sports that allow such things. In some team sports there were qualifying preliminaries in several parts of the world to reduce the Olympic field to manageable proportions.

The Canadian approach was to use the established standards as guide lines. About a year prior to the Olympics, the Canadian Olympic Association consulted with the sports federations of Canada and examined the standards and the number of athletes who might reasonably be expected to reach these standards.

The estimates of the experts as is often the case, at that time proved to be too conservative. In some cases, the estimated number of athletes in a sport was raised after the trials to add unexpected qualifyers. In some cases, more athletes surpassed minimum standards for a particular event than could be accredited to the team under the rules.

And so there were some problems in selecting athletes, and some unfortunate controversies within a couple of the sports federations because certain athletes who surpassed minimum standards could not in fact be selected to go on the team.

This may be a good time to re-emphasize the fact that the COA sets the guide lines, but the team members are selected by the various sports governing federations. No athlete was left at home because of lack of funds and this is a criticism we sometimes hear. The COA, through its support from Olympic Trust of Canada and from the Federal Government, was able to send every athlete nominated by the sports federations.

And I might interject just by way of explanation because President Joe Potts has introduced many people at the head table as being members of governors of the Olympic Trust of Canada. This is the fund raising arm of the Canadian Olympic Association and it was set up two years ago under the chairmanship of George Mara. It is composed of a great many outstanding businessmen right across the country and they have set as their task raising adequate funds not only to keep the Canadian Olympic Association and its teams going but also to help in the development of athletes and all the other various day-to-day activities that the COA is faced with. So, we are very grateful that this organization has come into being. It is the representative, therefore, of public support from the private sector as contrasted to government support which usually occurs by direct grant.

The COA guide lines were set up to take into account the different stages of development in the various sports. In some sports such as track and field, swimming and diving, the guide lines were basically that an athlete should be one who would have a reasonable chance of giving a good show at the Olympics—for example, reaching a semi-final or perhaps being within the top 20 or 25 competitors.

For other sports which are not yet so far advanced in Canada, the sports federation in question was allowed to send its best athletes even though they would have little chance of reaching the top 25. An example of this was our modern pentathlon team, representing a sport which only has a year or two of history in this country.

And just by way of explanation for those who are not familiar with the term, this is a sport which comprises five different disciplines namely equestrian jumping (that is very much the same as show jumping only perhaps, well, I wouldn't say it's tougher but it's very similar), pistol shooting, fencing, swimming and ending up with a tough cross-country run. So you can see that this is a sport that requires not only great skill and considerable technique but also a lot of stamina and a lot of courage.

The most encouraging aspect of the selection procedure was the number of athletes in so many sports who were in contention for a berth on the team. There was a far greater pool of athletic talent approaching international standards of competition than anyone had predicted. This reflects the growing strength of the sports federation program right down to the community level.

Now in addition to having financial resources to send all the athletes who qualified, the COA was able to arrange an outstanding package of clothing, and equipment and uniforms, for each individual member of the team. And our two athletes here are demonstrating some of the equipment. Miss Hannah is wearing the girl's sort of official uniform. Our yachting representative has only got his tie and his blazer left because he traded all the other things away for those of other countries. They were in great demand.

So our 1972 team was the best dressed, best equipped Olympic Team we have ever sent. It was also the best served in terms of medical and support personnel because this also had been an area of some criticism in times gone by.

So with all this behind team selection and the operation of the team, it is natural to ask how well Canadian athletes actually did in Munich.

Well I suppose the most obvious yardstick is medals. Canadian athletes won five medals in Mexico including a gold in equestrian jumping. In Munich, they won five medals also, but this time no gold however. This would appear to imply that the

Canadians did not do as well in 1972 as they did in 1968. Canada had more athletes in Munich, in fact about one hundred more than we had in Mexico City, so we would appear to have slipped rather badly. However, it is not a simple answer; there are other factors to consider. There were some 2,000 more athletes competing in Munich than there were in Mexico. But even more significant in the intervening four years was the intensive national effort of several countries to win medals. East Germany, Cuba and Hungary are just three of several examples with intensive sport development programs designed to produce medal winners. And just by way of an example I might point out that in the 1967 Pan American Games that were held in Winnipeg, Canada was well ahead of Cuba on medal standing and on official point scoring. The reverse was true in the Pan American Games in 1971 and the Cubans also did extremely well in Munich.

The programs adopted in these countries are obviously effective, but so far, Canada has not seen fit to copy them and quite frankly, gentlemen, I really feel that few Canadians would be willing to endorse the political systems which are necessary for the proper carrying out of their particular way of working toward medal winning.

This does not mean that these systems are the only ones to use if medals are in fact the goal. Other countries have used other approaches with success. And I refer, for example, to Australia and to Sweden and even to Finland, the country which I have the honour to represent here in Toronto.

As I mentioned previously, there was an unexpectedly large number of athletes who were serious contenders for a place on the Canadian team. In actual competition at Munich there were other encouraging signs of progress. For example, our wrestling team in Mexico managed to win a total of one bout. In Munich we won eight bouts.

There are other signs of progress in the canoe events, this is a sport that had its origin in Canada. And incidentally in fact one of the events is referred to as the Canadian canoe and it is always slightly embarrassing to see Hungarians and Czechs and Russians and East Germans and so on coming out ahead. But nevertheless, this is a sport in which we are making progress, as well we should.

Our swimmers were strong contenders as was expected, but our divers, although they did well, were somewhat disappointed in their own results. Our women gymnasts improved their point performances over Mexico results and have achieved world recognition today as an outstanding gymnastic nation in a very tough and competitive sport. In addition to those who won medals we have many good individual performances. And a few names like Bruce Simpson in the pole vault, Abby Hoffman in the Women's 800 meters, Christilot Hanson in the Women's Dressage Equitation and little Glenda Reiser ran a fabulous race in the 1500 meters for women, and many others come to mind.

However, we must face the fact that Canada is still falling behind in overall international standings. While we have more athletes approaching the minimum standards, we are dropping behind in the number of athletes who are achieving the top level of performance.

We have a growing pool of potential stars but lack procedures for keeping them in competition, and improving their performances until they reach full potential as mature athletes.

Now to meet this problem, and the Chairman has already touched on this, the Canadian Olympic Association and the Sports Federations have developed a special program called Game Plan '76.

This plan is ostensibly for the 1976 games but, in fact, is designed to have a long term beneficial impact on all sports in Canada and the effects will go long beyond 1976.

The key to the plan is a very special effort to help our best athletes in every sport to achieve a world level of competition and to achieve their best potential with the object of 1976 in view.

Anyone who witnessed the trouble that our pro hockey players had with the Soviet Hockey Team can have some idea of the odds which face our Canadian athletes in international competition.

The calibre of the athlete on the Hockey Team of the U.S.S.R. and for that matter Czechoslovakia, is found repeated in the international teams of many countries in many sports at the international level.

As I said before Canada has many potential stars, but to date has consistently ignored the problem of providing reasonable opportunities for our best athletes to reach their full potential.

For example, to Sapporo we sent a cross-country ski team made up of youngsters of 17, 18 and 19 years of age. They were, and still are the best in Canada, a great group of competitors. The competition they faced, however, were athletes who were much more mature. I think the youngest of them would be well in advance of the mid twenties. Some of them were in their thirties and many of them were veterans of tough international competition. And, of course the same thing holds in hockey that for years we were sending what we might call junior calibre players to play against Russia, Sweden and Czechoslovakia. And yet we were always very surprised, of course, when we didn't win.

So if we can give our best athletes the coaching, the training and the competitive experience, which is on a par with that given to the athletes of other countries, Canada will do very well at the Olympics, and in every other international sports that we may enter.

Game Plan '76 is a very simple project in concept. It fits into the overall development programs of the sports Federations, but calls for an extra effort tied into a target date of 1976.

All that the COA and the Federations are really seeking is a chance to demonstrate in Game Plan '76 what can be done and, in fact, what must be done if we want Canadian athletes to have a reasonable chance of competing favourably in international competition and particularly in the Montreal Games.

Game Plan '76 is designed for the Canadian way of life. It is tailored to our circumstances. It is not a copy program of systems applied in East Germany or Hungary or Russia.

Just last week the COA was able to announce that Game

Plan '76 had achieved the unanimous support of all the sports federations—which, I can assure you was no mean accomplishment in itself—but that it had also achieved the unanimous support of all the ten provinces and the two territories of Canada. The directors of sport and recreation for the provinces and territories voted unanimously to support this plan.

All that is now required is official commitment of support from the Federal Government, which we are not quite sure about at the moment, and Game Plan '76 will have the unique distinction of being a project with truly national support from coast to coast and across our Northland. The support of the Federal Government, whichever it may be, is absolutely essential to the success of this plan because there is no getting away for it, it does and it will cost money to give this special effort, this special impetus to our best athletes hopefully bringing them up to Olympic standards for '76.

While the Game Plan goes forward, there is also planning for staging the games in Montreal.

Hosting of the Summer Games in Montreal is still a matter of considerable controversy. Most of this surrounds estimates of costs, but most of it also ignores one very important fact. And that is Montreal is *not* facing the task of matching or trying to surpass Munich. And that is something I would like stressed. The real challenge to the Montreal organizing committee lies in bringing the Olympic Games down in costs so that they can be staged, as originally intended, by many nations, not just a few economically powerful countries.

The success of Montreal in stating the Games on a more modest scale is important to Canada, but it could also save the life of the Olympic Games and the Olympic movement and it is a very, very important issue.

We have a number of advantages to help us in this task. First and foremost is the fact that Canada has no such urgent political objective that faced Germany and faced Japan when it had the Winter Games, or the Summer Games of 1964 for that matter.

Secondly, the costs of Munich included construction of services and facilities that already exist in Montreal. And I might say with all due respect to my very good friend the Consul General, or the Consul—pardon me, I promoted him—Munich went on a binge and they provided terrific facilities. Everything was done superbly but we do not feel here in Canada and in Montreal that this is going to be necessary.

Thirdly, everyone connected with the Olympic movement is conscious of the fact that the Games have become in fact too big and the peripheral activities, for example, the cultural program in Mexico and in Munich lasted a whole year and there were so many things going on, any one individual, or group of individuals, couldn't possibly get to see everything. So, some of these are too extensive and, I might say, expensive.

The flavour, the colour, the atmosphere and in particular the quality of competition in the Games is not a product of scale. It's not a product necessarily of great size. These are dependent upon the imagination and skill of the organizing committee with, of course, the help of the athletes.

The organizing committee will need the assistance, the support, the involvement of all Canadians if it is to succeed in its mission.

And we can sit back and say to the committee, ''Well, go ahead and show me'' or we can go a little farther out of our way to hear this message coming now from Montreal—and for the future of the Olympics.

Canada endorsed the Montreal bid for hosting the Summer Games just as Canada endorsed the bid of Garibaldi in Vancouver to host the Winter Games and the City of Edmonton bid which recently was accepted for hosting the Commonwealth Games in 1978.

Now the time has come to back up our endorsation of the Montreal bid.

It is not a matter of supporting blindly a project of international prestige—an exercise in national extravagance. It is a matter of supporting a commitment of Canada and, more important, a matter of understanding the true dimensions of that commitment.

Montreal is not to be a competition with Tokyo, with Mexico City and with Munich. It is not to be a demonstration that we can do more and bigger and better than was done in those magnificent spectacles.

Montreal is to be the Games that alters the trend toward giantism and towards a political showcase. Montreal is to be the Games that marks the return of the Olympics to human scale, to a sports festival which can take the athletes of the world to many countries and to every continent. And just as an aside, I just received correspondence now from East Africa that as a result of discussions along these lines that we had in Munich even Kenya itself is beginning to think: well, maybe we can hold the Games if Montreal can only be successful in scaling down costs and so on of Olympic games, perhaps we in Africa can do the same. And this would be a tremendous thing for the world Olympic movement.

So the Montreal '76 organizing committee is seeking a distinctive approach, within a scale that can be duplicated by many less economically fortunate nations. If the committee succeeds, and I think it will, not only will Canada have a legacy of goodwill of improved or new facilities with a reservoir of internationally trained and potential athletes with coaches, with officials in sports experience and techniques, but the future of the Olympics will be secured so that other countries less economically fortunate can carry the future Olympic torch for a long time to come.

Thank you Gentlemen.

Mr. Worrall was thanked on behalf of The Empire Club by Dr. Harold V. Cranfield, a Past President of the Club.

DR. CRANFIELD:

It has been said that medical students add 30,000 to 40,000 words to their vocabulary and I do not include the Hippocratic oath with which they are so familiar. In consequence, tricks are used to keep this information orderly and available. One example I shall give you—it is in neuroanatomy—the physician must be able to locate and bring to mind the names of the nerves that run directly from the brain. There are twelve of these cranial nerves.

I have never ceased to be impressed with the importance of Olympus. The first Olympic Games were held in 776 B.C. as you have heard on the plain of Olympia and that part of Greece called Ellas. As you all know, these games were revived in 1896. I was rather young at the time. It is said that Themistocles being asked whether he would rather be Achilles or Homer replied "Which would you rather be—a conqueror in the Olympic Games or the crier that proclaims who are conquerors."

Our speaker today, Mr. James Worrall, Q.C., has been both and noting his stature, bearing and appearance, it is readily seen why Olympus is traditionally known as the home of the Greek Gods.

I was not in Munich for the Games—I was in Britain at the time and sat up into the night watching the perfection of the events on Channel 1 of B.B.C. up to the time of that deed of treachery that spoiled it for us all. The word assassin, as you well know, comes appropriately from Arabia and meant "one who eats hashish". My Oxford Dictionary says an assassin is "one who kills treacherously". From our speaker today we have learned how truly treacherous and infamous an act occurred at Munich and its nearly threatening effect on the Olympic Games. Fortunately, these will survive. Certainly as long as we have a salesman such as our speaker today to persuade us of their importance and of the part that we must play. We are in debt for his clear message despite the sadness of part of it. I would go so far as to predict that after today, the men of this audience will associate the name "James Worrall" rather than that of Avery Brundage with all that is good about the Olympics. After all, there are those that say "Avery, he's for the birds."

Future Empire Club presidents might borrow the expression "Olympiad" which means as you all know the four-year cycle of the Olympic Game occurrence. If they did so, they would ask Mr. Worrall back and in so doing would enrich our lives with other sterling addresses at these four-year intervals. Therefore, sir, will you please accept our warm gratitude for your Olympian presence.

NOVEMBER 9, 1972

Free Enterprise in Canada

AN ADDRESS BY Réal Caouette, M.P.,
LEADER OF THE SOCIAL
CREDIT PARTY OF CANADA

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

C'est un grand honneur de vous souhaiter, M. Caouette, une cordiale bienvenue à Toronto et surtout au Club Empire du Canada. Vraiment vous êtes un Canadien formidable.

My French-English dictionary translates 'formidable' into English as 'formidable, dreadful or fearful'.

I think 'formidable' is appropriate, 'fearful' is applicable in a political sense but 'dreadful' is quite de trop. Actually I think the most accurate translation is 'fantastic'.

Indeed, an undisclosed source is reported to have said

Réal Caouette is looked upon,
As a veritable political phenomenon.
In the general election of sixty-two
He created a terrible hullabaloo;
Poor Dief and Pearson were in a terrible fix
'Cause Réal had seats totalling twenty-six.'

You will pardon me, Sir, when I say that most of us here today first became aware of you when the ballots were counted on the night of that election.

However, as you well know, your political career started some twenty years previously.

You have at least one thing in common with Mr. Diefenbaker in that you were both defeated the first and second time as a candidate for public office but, as contrasted with a less hardy breed of politician, you both succeeded on the third occasion.

M. Caouette was first elected in a federal by-election in the riding of Pontiac in 1946.

He was defeated in the general elections of '49, '57 and '58 but was elected and re-elected in '62, '63, '65, '68 and '72—mute testimony of the determination which is an outstanding characteristic of our guest today.

Another outstanding characteristic is his sense of humour.

The late John F. Kennedy once said—

'I don't think a man can enjoy life without a sense of humour and particularly he can't enjoy life in politics.'

I hope you will excuse me, M. Caouette, if, by way of example, I quote one of your own jokes—

> 'None of us were born Creditiste, my friends. I, myself, came from a Liberal family. It was so Liberal we had two pictures on the wall in the living room, Sir Wilfrid Laurier and the Sacred Heart and on some nights we didn't know which one to say our prayers to.'

In a sense it is unfortunate that the traditions of The Empire Club are such that M. Caouette is not likely to encounter any hecklers today and consequently we won't have an opportunity to observe, at first hand, his exceptional skill in dealing with them.

M. Caouette attended the Collège Classique St. Alexandre and completed a business course at the Collège Sacré-Coeur in Victoriaville.

He was one of the founders of the Caisse Populaire in Rouyn.

In his spare time he operates his own garage business in that City.

He married Suzanne Curé of Trois Rivières. They have two children, Roger and Gilles.

On the night of October 30 this year he was able to celebrate not only his own victory in the riding of Témiscamingue and the victories of fourteen other Social Credit candidates in La Belle Province du Québec, but more particularly the victory of his son, Gilles, in the riding of Charlevoix, formerly held by Martial Asselin.

That is really something in any country—a father and son serving their country in the same legislature at the same time.

M. Caouette et son fils share this distinction with a very select group of their predecessors in the House of Commons.

In 1874 Malcolm Cameron joined his son who had been elected in 1867.

In 1882 Sir Charles Tupper was joined by his son, Hibbert. In 1891 Hugh John MacDonald joined his father, Sir John A. Hugues La Pointe was elected, along with his father, Ernest La Pointe, in 1940, and The Rt. Hon. Louis St. Laurent welcomed his son, Jean Paul in 1955.

You will note that in two out of the five cases the father was or became the Prime Minister of Canada—that represents an odds ratio of 40%—I think that is pretty encouraging from your point of view, M. Caouette—after all there have been instances in Canadian history, one quite recently, when the odds in favour of a Prime Minister were even less.

We are extremely grateful to you, Sir, for being with us today. Many of us heard you last week on the CBC when you announced rather proudly that you were coming to Toronto to speak to The Empire Club. To use an old English expression—you are indeed a doughty warrior—having just finished a gruelling eight-week election campaign without a single day of rest—you sacrificed all of yesterday travelling in order to be sure to keep your date with us today.

Messieurs et mesdames ça me donne beaucoup de plaisir de vous présenter M. Réal Caouette, Député de Compté de Témiscamingue et le chef du Parti Crédit Social du Canada.

M. RÉAL CAOUETTE:

M. Le Président, Honoured Guests, Ladies and Gentlemen:

I wish to thank Mr. Potts for his welcome and his good words to me. Merci beaucoup, M. Potts.

My friends—I am only sorry that the election doesn't take place tomorrow. But it was, indeed, a real pleasure to accept the kind invitation from your Club, from your officers, to meet with you today. I heard of The Empire Club for years. In fact, I did refuse one time, I think, an invitation because I could not make it at that time. But today I nearly lost the occasion again yesterday as we were faced with a snowstorm up north and I had to fly with a private aircraft to Earlton, and I came to Toronto last night at six o'clock and right after the lunch today I am going back to Ottawa. The first time since the election.

Now, you have all heard that at least I won my seat in the Province of Quebec and I am not the Prime Minister yet but I know a sure thing that the Prime Minister will have to talk to me eventually. I know that.

Now many people have asked me 'why, why, have we succeeded only in the Province of Quebec and not outside the Province of Quebec?' I was just asked this morning on T.V. as they woke me up at six o'clock this morning and I was on the air at 7:15 to 8 o'clock on CTV and they asked me, 'How is it?' Well, I told them just plainly, 'Stop voting against me and vote for me so we will win more seats.' But what I had noticed though, seriously speaking, that out west as well as in the eastern provinces many people wanted to get rid of Trudeau so they thought the only way was, let's vote Stanfield and they went on like that. In the Province of Quebec, well Mr. Stanfield thought that with Claude Wagner he would take everything everywhere and they would get all the Social Crediters behind themselves, so they only lost 200,000 votes on account of that in the Province of Quebec. And we have more than doubled what we took in 1968. Even outside the Province of Quebec, take Dr. McGillivray's riding—he has made a 100% increase. We had no candidate in '68 and this time he took at least a thousand votes in Collingwood.

But the election is over and everybody is asking himself 'Well what will happen as Mr. Trudeau has decided to remain the Prime Minister of Canada.' It will be, it is a minority government and as a minor party I'll say this, we are not going to play politics with the situation at all. I'm not going to. I'm going to support all the measures in the interest of the people of Canada. The good measures but I'm not tied up and I will not support any measures which will not be in the best interest of the Canadian people from coast to coast, not only for one province. And this is the stand I am going to take. Now it's up to the government to bring in legislation. If they come in with abortion, definitely I will be against, as I was. I told Mr. Trudeau himself had that Bill on abortion been passed 53 years ago, probably the Prime Minister would not be sitting where he is.

At the same time we were talking about homosexuality. I asked the Prime Minister 'Who's going to look after the kids?' He didn't know. But my friends, if the government comes out with legislation so to encourage free enterprise and personal initiative, my colleagues and I are going to support the government.

If the government is following the policy by taking away from those who have something so to give the havenots in our country I am not going to follow because there is plenty for everybody without killing incentive or personal initiative. When they take away from the haves to give the havenots I told them right in the House of Commons 'Let's go along that line of that philosophy for ten years and in ten years we will have all kinds of havenots in Canada and no more haves at all and this is exactly what will take place.'

Just as recently as the day before last I met an engineer from North Bay who is working for a mining company from Toronto here up north. We have nice prospects, I think, out there. Those who are in the stock market watch that very closely, it's good. I don't give any name though but look at, on the paper. But I was told that with the new legislation and taxation, for instance, personal initiative is completely discouraged, while the mining industry or prospecting up north is 50% less now than it was. Why? Because when you are working and making some money you are so badly taxed that you are not interested at all going in the bush for six months a year, or three months a year, so we have to find a way through which we will encourage the initiative of the men. And this is why I say that our country today, while we hear so much about division and the west fighting against the east and the east against the west, French against the English, and so on, this is not our problem today. Not at all. Even if we have some language problems—yes. But this is not the main problem. I know, and you all know, we cannot make a French out of an English or an English out of a French but we can make good Canadians out of both when we understand each other.

So when I was out west I heard the same thing as I heard down east. If it's going bad here it's because of the west giving too much to the east. And down east it's going bad here, in the Maritimes, it's because of the east giving too much to the west and they are all complaining one against the other like that. Sometimes you will hear 'Well if it's going that bad it's on account of those pea soup from the Province of Quebec. We're giving everything to those people.' And in Quebec you hear René Levesque saying 'Well, if it's going that bad in Quebec it's because of the Anglo-Saxons. Get rid of them.' And we all know that if Levesque would become, he'll never be, but if he would become, suppose he would become the Premier of the Province of Quebec to replace Bourassa, what would he be doing? Exactly the same as Bourassa—in United States borrowing credit for the development of our national resources. You think he would tell the companies out there 'You speak French or else I won't borrow money from you.' No! Levesque would be on his knees—speaking English.

Now the B.B. problem—bilingualism and biculturalism—has been discussed over and over again. I think Ottawa spent, what?—nearly $50 million, on that B.B. Commission to find out what—that we speak French in Quebec and they speak English outside the Province of Quebec. A thing we knew well in advance. So I think that I do favour both languages and I think everyone in Canada, out west as well as down east, we all favour the two languages but don't force anyone, don't tell a man at fifty 'You learn that language or else you are going to lose your job.' This would be discrimination, in Ottawa as well as anywhere in Canada, Montreal or Toronto. But I say this—that if we really want the people of Canada to know of their two languages, of their two official languages, we have to start the first year at school. That is the place—not after that. Because a kid at six years of age will learn any language.

When I visited Czechoslovakia, for instance, just five years ago, I found out there that most of the people are speaking six, seven and even eight different languages and are they ever happy. And here in Canada with only two, we have trouble. Why? My own kids when they were four or five years of age, I think, my neighbour was a Ukrainian and he had a boy of their age.The three of them were playing together. One night I came home for dinner, my two boys were talking between themselves. I couldn't understand a thing—they were talking Ukrainian. See! Without going to school. So at the first year of school it would be very easy for them.

But this only to tell you very, very frankly that the problem in Canada today is an economic problem and nothing else. We have some more problems—yes, but very easy to solve if all the provinces are treated in a fair way by our national government which is in Ottawa. And, ladies and gentlemen, we are, we were in the field for years and years and years and yet the problems have not been solved. We've had or we've been talking about Social Credit for years and I see the future of Canada when we decentralize from Ottawa and giving more autonomy to the provinces from coast to coast. Each province wants some more. Each one of them—your province, my province and all the others. I hear people say 'Well, Quebec is not like the others.' In 1968, for instance, Mr. Stanfield came out in the Province of Quebec so to get more votes and he came with that philosophy or that policy of two nations. The French-Canada and the English-Canada. He thought this would please the voters in Quebec. The night of the election he had four seats and I came in the same province, in my own province, with one platform—one Canada—not ten, not two, not three, one Canada. And for all of Canada on the night of the election we came with fifteen seats. See! So it was accepted in the province.

Tommy Douglas came. He was the N.D.P. leader. He says 'Quebec, oh you are not like the others so we'll give you a special status.'

I found out, as well as anyone of you who has travelled the least possible time across Canada, I found out that there are not two provinces alike. Not two! They are all different one from the other. You think Ontario is like P.E.I.? You think P.E.I. is like Newfoundland? Or Newfoundland like B.C. or B.C. like Manitoba? No!! They all have their own problems, their own, I would say, their own culture, their own interests and they want to be respected inside their own limits. Quebec the same as the others. So I don't want any special status for anyone but I want a status for all the provinces to be themselves. For Ontario to take its own decisions. For Quebec to take its own decisions. What I think is an example-a Canadian, an average Canadian family-your fathers or mothers, some of them are here, you raise children. Say that you have five children, you have two alike? No, and yet they belong to the same family. Dad and mom are the same, yea?, and yet you raise those kids, girls or boys, they are completely different. You have to take one this side, the other one the other side, the other one another side and when they grow up then they become part of life—one will be a doctor, another will be an accountant, another one will be a labourer, farmer. A girl would become a nurse or she will marry and she'll raise a family or things like that. Each one goes his own way or her own way. And yet, they belong to the same family and not one of them wants to be told by his brothers or his sisters what to do or not what to do. We feel that we have to decide by our own selves. Each people, each man, each woman is a world in himself or herself. And when comes the mother's day, or the father's day, or Christmas, or New Year's day, or Easter day, we all together belong to the same family and we are happy to tell our brothers and sisters what we have been achieving in life or what were our failures and things like that. And yet, we all belong to the same family with our complete economy to decide. And, ladies and gentlemen, unless we find and we reach a solution in our country in which each and every province will have that kind of economy, Canada will not last fifteen years. You understand what I say today. I may not be in Canada anymore in fifteen years from now but remember that if we are not going to solve the problem of unity in our country, and it is the only way through which we can have a real family unity by giving all the members of that complex of that nation as much autonomy as possible.

As we don't want to be told by anyone what to do and not what to do—not by Ottawa, not by Quebec. We don't want to be told by anyone. In Quebec they don't want to be told by Ontario what to do and out west in B.C. the same thing. And here I'll quote a former President of the United States and you will see where's the trouble in the whole thing. Former President John Adams, and this was not yesterday, in 1824, 150 years ago nearly, had this to say—'All the perplexities, confusion and distress in America arise not from defects in their constitution or confederation, not from want of honour or virtue so much as from downright ignorance of the nature of coin, credit and circulation.' This is the trouble. Let's apply the same wording today in Canada. All the perplexities of 1972 and we know that there are perplexities. Everyone is asking himself what is taking place. What's wrong? What's wrong? And no one has the answer. All the perplexities in Canada—confusion, and there is confusion and distress in Canada, arise not from defects in our Constitution. What's wrong with the Constitution of Canada? Our Constitution has permitted us to be who we are today. I'm from the Province of Quebec, you're in the Province of Ontario. Have you ever been obliged to do something against your will because of the Constitution? And when the Premiers of Canada are meeting with the Prime Minister and they talk about the Constitution, ask Bourassa from Quebec, 'What would you like to change in the Constitution?' 'Well, I don't know.' 'We'll form a Commission, we'll study the problem and we'll give you the report.' So a year later he comes out with the report. We ask him now 'What change would you like to see?' 'I don't know yet, we're not sure. We'll form another Commission to study the report of the first Commission and then we may come out with something.' We've been playing around the Constitution for the past fifteen-twenty years. What I say, and I don't say here in Toronto only, I said it in Montreal and Quebec City the other day—the same thing. First, let us respect the actual Constitution which is giving us the right we have to be who we are in our country and if changes are necessary then proceed to the changes but until we have the proof that changes are an absolute necessity, let's respect the wording of our actual Constitution which is respecting our rights and freedom. Constitution, Confederation—what's wrong with it? If we are able to move according to our own will, to our own wishes, so this is not the problem. Not from want of honour or virtue so much as from downright ignorance of the nature of coin, credit and circulation. This is the place where we've heard so many people say 'Well Social Crediters are a bunch of crackpots talking about printing more money without any consideration—funny money people—across Canada.' Funny money! Look at the kind of money we have today in Canada. Forty years ago when a man had $25,000 we could have said that then 'Boy! He has security.' What kind of security do you have today with $25,000? The government will take care of everything. This is the situation in which we are. So what we say and our platform was around that specific point. Let's use the Bank of Canada—your institution in Canada to finance loans to the provinces, to all of them so to give them more autonomy. It's that they're looking for—money—nothing else. With money they can do whatever they want. So the Bank of Canada, if there are bankers in this audience today just take that in note and don't forget this—Social Credit will never nationalize the banking system of Canada. It would be the opposite. We would be made of the banking system because it is probably the best banking system in world. But that system has to work to the benefit of the Canadian people and we don't have to nationalize anyone as the N.D.P. or the Socialists would do. So we say this 'Let's use the Bank of Canada,' and it is already authorized to make loans to the provinces. Under sections, we have lawyers in the audience—check that this afternoon. Sections 13 and 20 of the Bank of Canada Act say this: 'The Bank is authorized to make loans to the provinces to the extent of 25% of their provincial revenue budget.' In Ontario this would mean approximately Two Billion Dollars a year, 25% of their budget of loans made to the province. Quebec would mean a little over a Billion and a half a year. And the law says for periods not exceeding six months. So six months! What-the-heck can a province do in six months. They don't even have the time to start building something and they have to pay back—so it's impossible. They don't go there. They go where? Where Bourassa went the other day—the United States and then he borrowed, the last time, One Hundred Million Dollars at 9¾% interest for twenty-five years. You know that in twenty-five years the province will have paid in interest alone, no capital at all, in interest alone $233,750,000 interest alone! We will still owe One Hundred Million. It's a good business. It's quite good.

But when they are talking about inflation. If you talk about an increase of your pension—Oh! Inflation is dangerous right away. Ten dollars a month! Boy, that's dangerous, don't touch that. But $233,000,000 more than your loan it's normal, it's natural. Don't ask yourself 'Where will the money come from?' No! Nobody knows and nobody wants to know.

When Bourassa goes to the United States, and here businessmen will understand, when he comes from the United States do you think for a moment he comes back with wheelbarrows full of American dollar bills? No. He just comes back with a Note. A paper about that size on which paper are written the figures $100,000,000.00—9¾%—25 years—signed 'Bob Bourassa' and endorsed 'Real Caouette' and all the bunch in Quebec.

When the people of the United States are consenting a loan of One Hundred Million Dollars, do you think for a moment that they are basing that new credit on their own resources? Oh no! Oh no! They are not a bunch of stupids. They know where they are going. They ask Bourassa 'What do you want to do with that?' 'Well I want to develop the James Bay Project.' 'Yeh, it's viable.' 'Okay we go along.' If the development was not viable, Bourassa would not come back with twenty-five cents. You all know that. So the One Hundred Million Dollars are based on our national resources. The same thing for your Province of Ontario. Same thing out west or down east.

When I saw David Lewis during the campaign in Winnipeg, on the air, on T.V., both fists in the air against the American control over our economy, those bad Americans had to go back to United States. The very same day, two Ministers of Finance, one from Manitoba the other from Saskatchewan were in the United States on their knees borrowing money from United States telling us 'How nice were the Americans.'

Ladies and gentlemen, we do not object to investments in Canada. No! But to proceed to the development of our national resources, we should use our own institution, The Bank of Canada. This is why we say—suppose that we write the figures with Louis Rasminsky—not after February 1st, I think, but before that. If he cannot write then we will hire another accountant. Write the figures by an authorized body like or organism like The Bank of Canada based on the same resources, the difference would be what? It would be the figures written in Ottawa would be our figures. We would be the owner. If they are made in the United States, they are the owner. The only way to become the real masters of the development of our country—Canada—is by the use of our own credit. If our national resources are good to make credit in the United States, and I have nothing against them, but let's create our things by ourselves with our own credit in Canada here. And when I say the only thing we have to replace is the six-month period in the Act and replace it by sixty years, the same as we do for foreign countries in the world. During the election campaign we made a loan to Algeria, a Communist country, for One Hundred Million Dollars at no interest costs for fifty years, plus ten years of grace. Sixty years. In sixty years Trudeau will be 113 years old—he won't be there anymore. We're lucky—Margaret will only be eighty-four and Justin will be sixty.

Now, just let's think seriously of the whole matter. This is possible. No one will object and find me a lawyer or an organization or a prominent businessman in Canada who will not agree with to that or with that. It is possible. It is not a matter of printing money without any consideration but new credit based on our resources. When I said the other day, Montreal City —the largest City in Canada, yea—a big city—prosperous city—the largest number of unemployed people in Montreal. It's really prosperous. More people on welfare in Montreal than anywhere else in Canada. Prosperous! We say a strong land, yea, let's go.

Ladies and gentlemen, the other day Montreal borrowed Thirty-one Million Dollars from West Germany, yea!, to pay the interest on its debt. Just that and I am not fooling about that. That's true. How is it that West Germany who had been completely destroyed during the last war is able at this time to make loans to Montreal City, Thirty-one Million Dollars, after having rebuilt the whole thing in their own country and here in Canada no destruction at all during the war and we are more in debt than ever before. We're borrowing from all over the world. We don't know where we're going. We go through election campaign—we hear Mr. Stanfield promising us jobs—we ask him where—'I don't know but I do promise for the election.' Trudeau says the integrity of Canada, it's so nice when a man is starving to death to hear about the integrity of Canada. That was M. Trudeau. And David Lewis against those corporate welfare bums repeating the same song right across Canada. Ask him 'What would you do?' 'I don't know but they are bums, they are bums, they are bums.'

So, ladies and gentlemen, Social Credit, as I said, I have been saying it for many, many years, I was just blamed this morning to repeat myself. I haven't repeated enough because I only have fourteen Members of Parliament, so it's just like people preaching the Bible, the same Bible has been preached for 2,000 years and we still have people going to hell every day because it has not been preached enough. So we say this, we have four basic principles, I hope the press and C.B.C. especially will take note of them so that they will report me properly the next time they will. Four principles, the first one, we firmly believe, and we are not kidding, we firmly believe that the individual, each one of us, each one, you, each one and me, myself, everyone of us, each one, the individual is the most important factor in organized society because he is a divinely created being with spiritual, mental and physical needs and potentialities. He has inalienable rights which must be respected and preserved. Don't try to put everyone in the same mold or pass everyone in the same room or the same corridor or try to put the same suit on everyone of us. One takes 40, the other one takes 36, the other one 42, then we decide we'll all wear 39 from now on. Well that would be a real good thing. That is the Socialist proposal. Ask Lewis. When I hear those fellows, they are always willing to share what belongs to others, never willing to share what belongs to themselves.

Because of this belief we are unalterably opposed to Communism, Fascism and all forms of totalitarian government which make the individual citizen subservient to the state. We stand opposed to political organization whose aims are the furtherance of the sectional interests of organized labour, business or finance.

Number two—government must serve the individual. The government has not been invented to penalize the individual but serve, to serve the individual. This is why we are in a society to have some profits out of it, to get something out of the society. All right, we have obligations, we have tasks, we have responsibilities but at the same time we should also have benefits from the society. The major function of democratic government in organized society is to secure for the people the results they want from the management of their public affairs as far as such results are physically possible and morally right.

Number three—the individual must be free, free, and have economic security. Security without freedom is just like a system, the system I give my dog at home. My dog has its fullest security but I'm the one looking after his freedom. Yes! We can be secure and have our security any time. Let's go out from the

Royal York here, let us break all the front windows and I bet you that in less than fifteen minutes we have full security but behind the bars—this is not the system we want. David Lewis with his Socialists is looking for that but people do not understand exactly what it would lead us to. When I visited Russia, Czechoslovakia, Sweden and so on, all right they say there is no unemployment. Right, this is true, everybody is working, working for nearly nothing but they are all working. I took the bus at the corner of a street in Prague. Four people working in there, one selling the tickets, the other one punching the tickets, a third one driving the bus and a fourth one in the corner watching the three others if they are doing their jobs properly. Their salary—$55 a month. Not a week—a month. Yes! And we would like to see that system here. I don't think anyone and every Canadian should have the opportunity to go out there and visit what is taking place and then they'll come back here and say 'Boy, are we ever well in this country of ours, Canada, with all its defects we're still far better.'

So, ladies and gentlemen, economic security is a necessary means for attaining this freedom. Not as an end to be attained by restricting, restricting our freedom.

And Number four—what I said a moment ago the physically possible must be regarded as the financially possible. Whatever is physically possible, desirable and morally right can and should be made financially possible and for that we need the financial institutions, of course we do, because suppose The Bank of Canada is financing the provinces, the provinces will hire contractors and people and put people at work and that credit would be spread across Canada. It would go back to the private banks or credit unions or caisses populaires and probably the chartered banks would have more, more liquidity to help free enterprise in our country instead of being tied up always by governments looking and running after the banks—let me have this and let me have that. If the banks had more freedom to deal with free enterprise I think, ladies and gentlemen, that free enterprise would be flourishing right across Canada. We would then see more unity, more better understanding between all the provinces and between all our people in Canada.

Ladies and gentlemen, it has, indeed, been a real pleasure to be with you and I thank you very much for your very kind welcome. The Empire Club, it is the first time I come to your Club. I hope your President, or the next one, will invite me again because it has been a real, really enjoying to be with you. Now I am not asking you all to become Social Crediters at the same time. Take your time but look at our side a little more seriously and I know that we can do something for our country. And in closing I'll say this same as former President Kennedy had to say in the United States—Let us not ask what the country can do for ourselves but let us ask ourselves what we can do for our country, Canada, to keep the parts together and to give an example to the whole world of a true, honest and frank Canadian unity.

Thank you ladies and gentlemen.

M. Caouette was thanked on behalf of The Empire Club by Mr. Arthur Inwood, a Past President of the Club.

MR. INWOOD:

M. Caouette, after the mental and the physical vibrations that you have set up in this room I feel like the mosquito that unexpectedly landed in a nudist colony. I don't know where to begin. But it might interest you, Sir, to know that last night as I was looking through some of The Empire Club year books, in the year book of 1935 Mr. C. K. Sanderson spoke to this Club, that's 37 years ago, November 7, 1935, spoke to this Club on the subject of Social Credit. It was a wonderful treatment of the subject and I recommend it to you gentlemen, if you are so interested.

I would like to just quote one short piece of his preamble in the article in the year book and it is this "Democracy holds that all sides of a question must be aired in order that in the long run a democracy may, as it will, choose what is right, what is true and what is just."

As you may well know, Sir, The Empire Club is a rock of democracy and I think it has been very well evidenced in recent months when the Leader of the Liberal Party, the Leader of the

Conservative Party, the Leader of the N.D.P. and your good self have all been at this platform speaking to the members of this Club.

We appreciate the thoughts that you have given us today and we know that as time goes by those thoughts will have their right and their just and proper effect on our thinking. You have delivered to us a most stimulating talk today and on behalf of the members of this Club it's my real personal pleasure to extend to you our warmest thanks and appreciation and in the old saying "Thanks for coming to our house."

NOVEMBER 16, 1972

The End of the Work Ethic

AN ADDRESS BY **Professor H. Marshall McLuhan,**
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CENTRE FOR CULTURE AND TECHNOLOGY,
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CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

There is a tendency in the human species, well recognized by psychologists, for those of lesser stature to emulate or at least to discover some common denominator, to share with a man or a woman of distinction.

I am not certain whether or not this is indicative of an inferiority complex but, in any event, I confess that I am no exception, particularly in respect to today's distinguished guest.

You may well ask—what in the name of goodness do I have in common with Dr. McLuhan?—my answer, in all humility, is that we are both squares—I hasten to add, however, that we are squares not in a derogatory sense.

Each of us earned, or if you prefer, we acquired, two Bachelor of Arts Degrees.

When these are listed after our names, they appear, in proper mathematical parlance, as (BA) to the second power or, in common parlance, as BA squared.

Needless to say, Dr. McLuhan leaves me in the dust at that point.

He is also an MA squared and a Doctor of Letters to the seventh power.

Sir, we are delighted to have you with us today. Indeed, we consider it a signal honour that you should do so, particularly in view of the heavy demands upon your time and talents.

When I wrote to our guest last May and extended to him an invitation to address the Club during the current season, I also forwarded to him a copy of our Year Book.

Shortly thereafter I received a very gracious letter in which he said:

> ''It is good of you to think of me for The Empire Club. I shall be very pleased to speak to your members at lunch in the coming season.
>
> Many thanks for the Year Book. It reminds me, however, to mention that I never use a written manuscript for talks. I am sure something can be worked out.''

I advised him that this presented no problem since all addresses to the Club are tape recorded.

The ability to deliver an address or talk without recourse to a written text is almost a lost art but our guest is in good company in this regard, with Mr. Caouette, who spoke to us last week and with John Fisher, who addressed us earlier in the season when we paid homage to another distinguished Canadian, A. Y. Jackson.

As you are undoubtedly aware, the Group of Seven were by no means acclaimed with open arms when they originally banded together to form the first Union of Artists in Canada.

Mr. Jackson made a reference to this when he addressed the Club in 1925. He said:

> ''There are a great many people interested in Canadian art today,—more than ever before. That interest is sometimes like that of the old lady who was hurrying rapidly out of one of our Group exhibitions, and when asked why she was in such a hurry she explained, 'I hate these pictures, but I am afraid if I stay around here longer I am going to like them'.''

I don't really expect that any of you are planning to rush out of this meeting, or you wouldn't have come in the first place.

But I can't guarantee that you will like, in the sense of agreeing with, that which you are going to hear but I'm sure we will find it stimulating and enjoyable.

Our guest is a distinguished academician, author and lecturer. He received the Governor General's Award for critical prose, the Carl-Einstein-Preis, West Germany Critics Award, the British Institute of Public Relations Presidential Medal, the Golden Medal of the President of the Republic of Italy and was appointed to the Schweitzer Chair at Fordham University.

In 1963, he was appointed by the President of the University of Toronto to create a new Centre for Culture and Technology (to study the psychic and social consequences of technologies and media). He was appointed as a Companion of the Order of Canada in 1970.

He is the author or co-author of some thirteen major works, including—

The Mechanical Bride: Folklore of Industrial Man
The Gutenberg Galaxy: The Making of Typographic Man
The Medium is the Message
Culture is our Business and
Take Today: The Executive as Dropout
which was published this year.

One of the finest tributes paid to our guest was by one of his contemporaries in reviewing *The Gutenberg Galaxy*:

> "If McLuhan's way out it is because that's where we really are. His book opens directly and creatively out onto every humane activity known to man; it forces consideration of pressing up-to-date (futuristic, yet) problems in politics, economics, philosophy, literature, and post-Newtonian physics so as to leave many current jargons distantly relevant at best. It offers casual erudition that's appalling in scope and variety; it's shot with illuminations of illuminations of men like Shakespeare, Pope, Swift, Blake, Ruskin, Rimbaud, and Joyce. It leaves an average professor of

> English like myself feeling somewhat of a cross between a dodo and an astronaut with a heart condition.''

Ladies and gentlemen, it is my great pleasure to ask Prof. McLuhan to speak to us on the subject: ''THE END OF THE WORK ETHIC''.

PROFESSOR H. MARSHALL McLUHAN:

It's not that seagulls are stupid, they are very wild and very emotional. They just can't be trained like eagles, hawks and ravens.

I have a friend on the Faculty, Professor John Abrams who went to Russia a few months ago. Before he started out, I asked him: ''John, please pick up a couple of authentic Russian stories for me. I'd like to know just what sort of stories they tell in Russia.'' In due time, he relayed a couple to me:

> One story concerned a yokel visitor to Moscow, who was a bit of a provincial, was oohing and ahing over ''this wonderful city'' and thanking God for ''our wonderful subways'' and ''our wonderful economy'' and ''our wonderful stores'' and ''our wonderful people.'' His acquaintance remonstrated: ''You don't thank God, you thank Stalin.'' And the visitor said: ''Sure, but what if Stalin dies? Then you *really* can thank God.''

The other story concerns a Russian attempt to set up an American-style nightclub:

> The nightclub failed and they had a little investigation. The committee inquired: ''Well, what did you do? How about the decor? What was the setting?'' ''Well'', they said, ''we had top Italian designers, with Hollywood advice and suggestions.'' ''And how about the food?'' They said: ''It was splendid. We had French chefs, nothing but the best wines, modest prices, and everybody seemed pleased.'' ''And how about the girls?'' ''Well, they were super, too. Every one of them had been a Party member since 1918.''

There's an undercurrent of grievance in all good jokes, as you may have noticed. Take the story about a man who went to Kennedy Airport not long ago, to pick up an Irish friend for whom it was the first visit to the U.S.A.:

> As they drove into New York, the Irishman was fascinated by the advertisements. When he saw an ad: *USE EX-LAX —BE YOUNGER,* he said: "What is it?" Said the friend: "There's a drug store right here. I'll stop and get you some." And he bought a cake of *Ex-Lax* which the Irishman proceeded to consume. After a while, the friend said: "Are you feeling any younger?" And the Irishman showed a certain amount of hesitation, but he said: "I'm not sure—but I've just done something very childish!"

Jokes are mostly concerned with grievances, and when new kinds of jokes appear, you can depend upon it, there is some sort of uncomfortable abrasive area of tension developing in the community. The Newfie jokes represent a certain amount of mild irritation relating to group maladjustment. Most of us have heard some of the "good news/bad news" jokes that project a sort of gripe about the rise of the new subjective journalism and the disappearance of the old objective journalism. I'll have a chance, perhaps, to refer to examples later. The old journalism had attempted to be "objective" and detached. For many years this meant giving "both sides" at once—the pro and the con—the yes and the no—the for and against—the black and the white. When you give both "sides" at once, you are in the tradition of "objective" reporting. If something is about to be done in the community, you explain what's against it and what's for it. On the other hand, the new journalism is an attempt to give "all sides at once" by simply immersing you in the total situation, Norman Mailer style, or Truman Capote style *(In Cold Blood)*. Norman Mailer's *Miami and the Siege of Chicago* is not so much a report about the convention or the candidates or the policies of the parties. Rather, Mailer plunges us into a "happening" for the feel of it. The new journalism is subjective immersion. Whether it's fact or fiction, doesn't matter any more. When you get all sides at once, it is a sort of fiction anyway. So, Norman Mailer's subtitle on his *Armies of the Night* is: ''History as novel—novel as history'', pointing to the loss of boundaries between reporting and fiction. When we say: ''He made the news'', we point to the fact of news as fiction, as something *made*. Perhaps that is why there is always just enough news every day to fill every paper, with nothing left over.

Now, I am going to turn to my topic at once, so I will not be accused of not having gotten around to it. ''The End of the Work Ethic'' is quite directly related to the fact that under electric conditions of the new information environment it is no longer possible to have a mere goal. When everything happens at once, when you are inundated with information from every quarter of the globe at once, and every day, you cannot fix a distant objective and say: ''I'm going to move toward that point.'' That point is already in rapid motion, as you are, and long before you take a step in that direction, everything will have changed.

The work ethic, insofar as it meant private goal orientation, is not practical and disappeared some time ago. But, related to this situation is change in the *job*. The job will no longer hold up—it's too specialized an action for the electric age. The job as specialism, as a fixed position in an organization chart, will not hold up against the simultaneous jostling and the interfacing of simultaneous information. What is taking the place of the job is *role-playing*. When you are moonlighting and starlighting, that is role-playing; and most people are doing this in some degree or other. The job-holder drops out as the consultant drops in.

Role-playing, in effect, means having more than one job. A housewife is a role-player because she has many jobs, and so do farmers and many other people in the community. They are not essentially job-holders, but role-players. Notice the stress on ''playing''. I am going to bear down on that theme a bit. Electrically, we are moving into an age of play which will bring many new patterns of work and learning. There is about to appear from a Canadian publisher a book called *The Leisure*

Riots. It concerns a rebellion of a community against a group of executives who are trying to transform fun and games, and leisure time activities, into industrial packages. When skiing or hockey or football or tourism become encumbered with equipment and consumer packages and are made expensive and difficult, they cease to be fun. The *play* has gone. This is a situation which is reflected in various aspects of our world at present. It is another area of grievance. The idea of play and recreation has gained much new meaning in this age, not only from such classic studies as *Homo Ludens* by J. Huizinga, but from quantum mechanics. Huizinga relates the *play* principle to the development of all our institutions, so that the very idea of "party government" implies the interplay of diverse attitudes and policies as a means of equilibrium and social adaptation. In chemistry and new compounds, the very fact of the chemical bond has become the *resonant interval* of interfacing particles. Matter is now seen to be constituted by resonating intensities of interplay, minus any *connections* whatever.

All are familiar with the *play* between the wheel and the axle as the very principle of mobility, and we seek to avoid the up-tight, on one hand, or the too slack, on the other hand. But it could be argued that the dropout is a victim of the up-tight situation and that he drops out in order to regain "touch". When the wheel and the axle get too close, they too, lose touch. When they are too distant, they collapse. To be "in a bind" is to lose touch as much as when we become too remote. When a group of viable people volunteered to enter mental institutions as if they were in need of therapy, the staff was unable to detect their sanity, but the seriously deranged pointed at the intruders at once, saying: "They're *playing*." Without play, there looms the shadow of madness in private as in corporate life, whence the danger of specialism and bureaucracy when the rigors of classification overlay the relaxed countenance of harmonious faculties. The artist is always at leisure because he must keep his mind at play, and he is never more at leisure than when seeking the solution of tough technical problems.

Let me refer to an item from *Business Week* of last month—"The Case Against Executive Mobility". The theme is quite simple, and relates to the recognition that frequent transfers to new homes and places of work have become a sterile way of life in North America. To pull up stakes and move families as a means of advancing up the corporate ladder is no longer considered a very practical or rewarding thing by big business. Another observation, in the same way, belittles a chance for significant job promotion that would affect the emotional lives of school-age children. At the other extremes, local I.B.M. operations have become so large that executives can often get the effects of diversified managerial experience they need for advancement without moving anywhere. To move people around quickly is to cease to have a community.

The current best-seller, *Jonathan Livingston Seagull,* is a kind of side-swipe or spoof on the Protestant work ethic. If the words "Jonathan Livingston" suggest the great medical missionary of the last century, the word "Seagull" is rich in aerial and spiritual suggestion. In fact, J.L.S. is a very hard-working and very aspiring individual whose endeavours are richly rewarded by rapid advancement aided by delightful skyscapes and photographs. We read how J.L.S. never ceases from practising all manner of flight techniques: "A hundred feet in the sky, he lowered his webbed feet, lifted his beak and strained to hold the painful, hard-twisting curves of his wings." Of course, the idea of elevation and levitation are easily associated with the strenuous and precise manoeuvers of the seagull. However, he soon phases himself out of all polarity in the company by the sheer speed of his success.

Since a seagull never speaks back to the council flock, Jonathan's voice was raised in exhortation: "Irresponsibility, my brothers? Who is more responsible than a gull who finds and follows a meaning, a higher purpose for life? For a thousand years we have scrabbled after fish heads but now we have a reason to live, to learn, to discover, to be free. Give me one chance, let me show you what I've found. The flock might as well have been stone." But that didn't stop them from moving up the organization tree very fast into another dimension altogether, where he encountered a voice: ''How do you expect us to fly as you fly? You are special and gifted and divine above other birds.'' Look at Fletcher, Lowell, Charles Rowland, Judy Lee—are they also special, gifted, divine? No more than you are. No more than I am. The only difference, the very only one, is that they began to understand what they really were, and they began to practise it.

Now the toil for self advancement and self perfection is one that belongs to the work ethic, allegorically spoofed in this book. Perhaps the success of the book has been that the reader can take it both ways at once, either as a critique or a panegyric of the old work ethic.

To return to the theme of the obsolescing of the work ethic in a world of electric information, it is helpful to understand that the public today has taken on a new role. Because of the very simultaneity of electric information and programming, there really are no more spectators; everybody has become a member of the cast. The consumer function itself, as it were, is outmoded. On Spaceship Earth there are no passengers, but all are crew.

Just how quickly the public participation flips from audience to actor has recently been noticed in Watergate, and earlier in the trial of Lieutenant Calley. When audience participation becomes too extensive, the villains on trial flip into public heroes because the audience quickly identifies with them, especially when they are men who are carrying out robot-like activities which necessarily resemble those of the average audience. When the audience identifies with a villain on trial, the public at first begins to feel villainous and guilty itself, and then resolves the problem by flipping the villain into the role of a ''culture hero''. Another situation in which the opportunities for public participation are very dramatic has been discovered by the hijackers of aeroplanes and other public services. One of the principal causes or motives for hijacking was precisely the desire for coverage and public attention on the part of these unhappy performers. So attractive is this form of notoriety and coverage, that the reporting of these events has had to cease.

Perhaps we can get into the situation of today via the remark of the little boy on his first aeroplane ride. Once they had taken off, he said: ''Daddy, when do we start to get smaller?'' The little boy's question is rather complex since it is plain that the plane gets smaller, while the cabin does not. The little boy would never have asked such a question in an open cockpit plane, for not only does the plane get smaller, but the occupants also feel increasingly insignificant. However, the enclosed space of the cabin of the plane presents a very special kind of structure, namely, a visual space; that is, a space or *figure* without a *ground*. Visual space has peculiar properties that are not shared by spaces created by any of the other senses. Visual space is continuous, uniform, connected and static, whereas the sense of touch, like the sense of hearing or smell, is discontinuous, disconnected, non-uniform and dynamic. Such is also the case with acoustic space, the space in which we all live in the electric age. To a considerable degree, Western literate man in the 19th century lived in visual space which he thought of as normal, natural, rational space. With the advent of a world environment of simultaneous and instantaneous information, Western man shifted from visual to acoustic space, for acoustic space is a sphere whose centre is everywhere and whose boundaries are nowhere. Such is the space created by electric information which arrives simultaneously from all quarters of the globe. It is a space which phases us out of the world of logical continuity and connected stability into the space-time world of the new physics in which the mechanical bond is the resonant interval of *touch* where there are no connections, but only interfaces.

Many people may still suppose that these matters belong to the realm of speculation and obtruse scientific investigation, but the present fact is that we all live in this new resonating, simultaneous world in which the relation between *figure* and *ground*, public and performer, goal-seeking and role-playing, centralism and decentralism, have simply flipped and reversed again and again. Civilized man, Euclidean man, whose visual faculties were sharpened and specialized by Graeco-Roman literacy, this kind of aggressive, goal-seeking, one-way entrepreneur, has simply been dislodged and put out of countenance by the new man-made environment of simultaneous electric information. It is important for survival to understand that the simultaneous data of the omnipresent information environment is itself *structurally* acoustic. When people understand this acoustic structure as their new habitat, they will at once recognize the risks for the strange goings-on in the human psyche and in human society in the effort to relate to this new habitat. It goes without saying that any of our senses adjusts at once to any change in levels of light or heat or sound, and so it is with the changes in the environmental structure that is constituted by the information services of our 20th century world. Instantaneous retrieval systems and data processing alter entirely the nature of decision-making. The old job-holder, secure in his niche in the organization chart, finds himself an Ishmael wandering about in a chaos of unrelated data.

Let me try to make this matter more vividly comprehensible by relating a story which concerned my own first discovery of acoustic space. A group of us which included Carl Williams (now President of the University of Western Ontario), Tom Easterbrook (Political Economy, University of Toronto), and Jacqueline Tyrwhitt (Architecture and Town Planning) were discussing the newest book of Siegfried Giedion, *The Beginnings of Architecture*. Jacqueline Tyrwhitt (she had worked with Giedion on this study for years) was explaining how Giedion presented the fact that the Romans were the first people to enclose space. The Egyptian pyramids enclosed no space since their interior was dark, as were their temples. The Greeks never enclosed any space, since they merely turned the Egyptian temples inside out, and a stone slab sitting on two columns is not an enclosed space. But the Romans, by putting the arch inside a rectangle, were the first to enclose space. (An arch itself is not an enclosed space since it is merely formed by tensile pressure and thrust.) However, when this arch is put inside a rectangle, as in the sections of a Roman viaduct or in the Arc de Triomphe, you have a genuine enclosed space, namely a visual space. Visual space is a static enclosure, arranged by vertical planes diagonally related. Thus, a cave is not an enclosed space any more than is a wigwam or a dome (Buckminster Fuller's domes manifest the acoustic principle rather than the visual or enclosed space principle). The wigwam, like the triangle, is not an enclosed space and is merely the most economical means of anchoring a vertical plane or object.

At this point, Carl Williams, the psychologist, objected that, after all, the spaces inside a pyramid, even though dark, could be considered as acoustic spaces, and he then mentioned the characteristic modes of acoustic space as a sphere whose centre is everywhere and whose margins are nowhere (which is, incidentally, the neo-Platonic definition of God). I have never ceased to meditate on the relevance of this acoustic space to an understanding of the simultaneous electric world. The basic structural fact about simultaneity is that the *effects* come before the *causes* in such structures, or, the *ground* comes before the *figure*. When the *figure* arrives, we say "the time is ripe".

Living electronically, where the effects come before the causes, is a rather graphic and vivid way of explaining why distant goals and objectives are somewhat meaningless to "neuronic" man. Electronic man, that is, works in a world whose electric services are an expansion into environmental form, of his own nervous system. To such a man is it meaningless to say that he should seek or pursue distant goals and objectives, since all satisfactions and objectives are already present to him. This explains the mystery of why preliterate and acoustic peoples appear to us to be so deeply satisfied with such shallow resources and means of existence. Acoustic man, living in a simultaneous environment of electric information, is suddenly disillusioned about the ideal of moreness, whether it be more goods or more people or more security or more fame. Acoustic, or electronic man, understands instantly that the nature and limits of human satisfactions forbid any increase of happiness through an increase of power or wealth. Acoustic man naturally "plays it by ear" and lives harmoniously and musically and melodiously. Ecology is only another name for this acoustic simultaneity and the sudden responsibility for creating ecological environments pressed very suddenly upon Western man on October 17th, 1959. That was the day when Sputnik went into orbit, putting this planet inside a man-made environment for the first time. As soon as the planet went inside a man-made environment, the occupants of the planet began to hum and sing the ecological theme song without any further prompting.

When the planet was suddenly enveloped by a man-made artifact, "Nature" flipped into art form. The moment of Sputnik was the moment of creating Spaceship Earth and/or the global theatre. Shakespeare at the Globe had seen all the world as a stage, but with Sputnik, the world literally became a global theatre with no more audiences, only actors.

Another theme with which we are acquainted today is that of the dropout, whether it be Agnew Agonistes or the school kid who cannot see how he can relate to the curriculum fare. It is also a theme in *Take Today: The Executive as Dropout* (Longmans Canada Ltd., 1972—Marshall McLuhan and Barrington Nevitt) that the dropout is literally trying to "get in touch". This paradoxical fact is obscured to visual man, always looking for connections and unable to see any rationale in the dropout process. Earlier I had mentioned the example of the interval of play between the wheel and the axle as exemplifying the very nature of *touch*. To "keep in touch" is always to maintain a resonant interval of play between *figure* and *ground*, between our jobs and our lives, and between all of our interests and responsibilities. The paradoxical fact that touch is not connection but an interval, not a fixed position but a dynamic interface, helps to explain the changes from the work ethic of yesterday to the diversified role-playing demanded of us in the new electronic environment. Archie Bunker is extremely popular as exhibiting much of the discomfort that results from his being frequently subjected to new situations which are alien to his specialized emotional rigidities and his very particularized points of view that result from his having a *fixed position* at all times when looking at his world. Time was when a man's point of view was thought of as something integral and important.

Today, to have a fixed position from which to examine the world, merely guarantees that one will not relate to a rapidly changing world. The problems in the Watergate hearings are notable exemplars of this new situation. Their expertise and highly specialized skills as advisers to the government bureaucracy seemed only to qualify them for involuntary show biz. They were a group of backroom confidants who were suddenly flushed out into the public eye as expendable.

Wyndham Lewis, the painter-writer, once said: "The artist is engaged in painting or describing the future in detail because he is the only person who knows how to live in the present." However, to live in the present, or to *take today now,* involves acceptance of the entire past as *now,* and the entire future as *present.* Science fiction doesn't really measure up to the everyday reality because the real has become fantastic. The future is not what it used to be, and it is now possible to predict the past in many scientific senses. With "carbon 14" tests available, we can now predict why we shall have to re-write most of the past, simply because we can see much more of it simultaneously. At electric speeds of information it is not only the assembly line that is outmoded by computer programming, but the organization chart that has been outmoded. On the one hand, we hear about new difficulties at the Ford and similar plants in getting workers to come full time. Two or three days a week seems to be as much as the Detroit worker feels necessary to be involved in gainful employment. Absenteeism means that most of the cars now turned out on Fridays and Mondays are duds. This results from having to staff the assembly lines at those periods of the week with substitutes who have perhaps never seen an assembly line before. The story is told in Arthur Hailey's *Wheels.*

The instantaneous, simultaneous programming which has succeeded the one-thing-at-a-time world of the assembly line is familiar to the IBM world. It is now possible to include all the assembly line programs of an entire enterprise on a few little "solid state" chips. Along with the flip from hardware sequence speeds, comes the flip from hardware scale to software programming. The shift from hardware quantity to software is nowhere more spectacular than in the micro-dot library contrived by Vannevar Bush for the use of the astronauts. He made it possible to include in the space the size of a pinhead, twenty million printed volumes in retrievable form.

One of the peculiarities of the reversals in this new world of the electric information environment, is the return of the mentality and the figure of the hunter, on a massive scale. Manhunting, whether under the mode of commercial or military espionage, is one of the biggest businesses of the 20th century. It is a world in which the vision of Edgar Allan Poe and the work of Sherlock Holmes merge to become a new kind of ''work''. It is a kind of aesthetic work of pattern recognition far removed from the Protestant work ethic of goal-seeking. Today the hunter, the engineer, the programmer, the researcher, and the aesthete are one.

Intimations of this coming change occurred as early as Carlyle's *Past and Present* (1843) in which he contrasted the world of his time with the life of a medieval monastery in which work and prayer combine to create community. As specialism and industrialism developed in the 19th century, the artists combined to confront and denounce the anti-humanism of this new mechanical world of fragmentation. Paradoxically, the aesthetes, from Ruskin and Pater to Oscar Wilde, agreed that art and work must blend once more to create good art and the good life. The medievalism of the pre-Raphaelites was not nostalgically motivated so much as concerned with the need of their time to recover an integral work and life pattern. Comically enough, medievalism has come upon us in the 60's and the 70's in the so-called ''hippie'' costume of international motley, which we associate with the dropouts. Shaggy hair and shattered jeans is worn by those who are ''agin'' the establishment, even as motley was the clown costume of the rebel against authority. International motley is not limited to any continent, nor did it originate in any theory or concept of dress. It is as spontaneous a thing as country music, or Bob Dylan's enunciation. The figures of Emperor and clown, of establishment and anti-establishment, represent an age-old conflict. Strangely, the clown is a kind of

P.R. man for the Emperor, one who keeps the Emperor in touch with "where it's at", regaling him with jokes and gags which are frequently of a hostile intent.

The 19th century revolution had been, in part, to substitute the laws of the market and the economy for the laws of Nature. Economists and sociologists sought to discover the Newtonian laws of the universe embedded in the market place. The Sputnik event was another thing altogether, which simply obsolesced the planet itself as Nature disappeared into an art form. Now, the moment of Sputnik was the moment of creating Spaceship Earth, and the Global Theatre which, as we have seen, transformed the spectators into actors. Today, therefore, everybody demands a positive participation in the world process. This, of course, is one of the marks of Women's Lib. Whereas the suffragettes had merely sought to gain the right to vote, women today sense that they are totally involved in the social process on a non-specialist basis, and want a large piece of the action. Watergate has shown how the top executives of any big operation are extremely vulnerable today, so the most confidential operations can be submitted to public scrutiny on a mass scale. The Watergate cast represented a very specialized group, so much so that not one of them was able to provide any examples of decision making. However, they were able to dramatize the plight of the specialist at high levels who, in effect, has nothing to do with decisions. At electric speeds, nobody makes decisions, as it were, but everybody becomes participant in a complex situation for which he can take no responsibility whatever.

Another peculiar feature of this electric time is that people not only do not make decisions individually, but in terms of the movement of information, it is the *sender* who is *sent*. It is the user of the telephone who goes to Peking and back, and so it is with TV or radio. When you are "on the air", you are everywhere at once. This is a power beyond that of the angels, according to Thomas Aquinas, for they can only be in one place at a time. This is one way of pointing to the revolution in the work ethic, since we haven't a clue as to how to adjust our traditional lives to this kind of instant transportation of whole populations. Moreover, it means that the information environment automatically involves everybody in the work of learning, for the user of a radio program, or a newspaper, or an advertisement, is assisting the community process as much as anybody in a classroom or on an assembly line. When you are watching a play or a ball game, you are working for the community. We live in a world of paradoxes because at electric speed all facets of situations are presented to us simultaneously. It used to be the specialty of ''the Irish bull'' to do this. For example, a recent example mentions an exchange between two chiropodists. One says: ''I have taken the corns off half the crown heads of Europe.'' That particular one contains several contradictory facets and metaphors, but as a wag said: ''A man's reach must exceed his grasp, or what's a metaphor?''

In the 16th century Gutenberg made every man a reader, creating vast new publics, and in our time Xerox has made every man a publisher, creating (via position papers) vast numbers of big committees. When ''every man'' becomes a publisher, for the office boy can give the Pentagon papers to the world. Such papers are really position papers that may never have been read by anybody. On the other hand, from the point of view of the publishers, Xerox is a total invasion of copyright and all books go into the public domain via this new kind of access. One of the dominant effects of our electric time is the effect of speedup on decision-making and on awareness of innumerable patterns and processes which had been quite undetectable at slower speeds. In fact, electric speed is tantamount to X-ray in relation to all human activities, invading privacy in both the personal and in the political sectors alike, and creating new patterns of involvement and participation in all affairs.

What is called the ''new journalism'' is, in effect, ''immersion'' reporting in contrast to the old ''objective'' reporting. The old and new journalism, corresponding to the old 19th century hardware and the new electric software and the old and new politics, match these accordingly. The old objective journalism had aimed at giving ''both sides'' of the case, whereas the new ''immersion'' journalism simply plunges the reader into the experience of being on the scene, or being part of the scene, in "you are there" style. Of course, "you are there" is merely another name for movie and TV experience, but the old ideal of objectivity in reporting, of "giving both sides at once", now appears in retrospect as an illusion. That is, to give the "pro" and the "con" is worlds away from being objective, since it is necessarily a point of view at a distance. In the days of objective reporting, it was always taken for granted that the "news behind the news", or the "inside story" was necessarily quite different from the outside or objective view of the situation. The outside story was "fit to print", and the inside story was "not fit to print", in the style of conscious vs. subliminal investigation of human psychology. It was Freud who began the "immersion" approach to the human psyche and the reporting of the subliminal or inside story of human motivations. Personally speaking, my own approach to media study has always been to report the subliminal effects of our own technologies upon our psyches, to report not the program, but the impact of the medium upon the human user. Surprisingly, this kind of reporting of the hidden *effects* of media creates much indignation. Many people would rather die than defend themselves against these effects. The corresponding flip from "objective" to "immersion" techniques in politics presents itself in the form of a political shift from parties and policies to images and services. That is, political parties and their explicit policies have simply been obsolesced by the images presented by the party leaders, on the one hand, and the services taken for granted by the community, regardless of the party that happens to be in power, on the other hand.

The drastic flip from "objective" to "immersion" reporting has spawned a new genre of jokes which contrast to good news and bad news in a style represented by such stories as that of the doctor who reports to the patient: "I have some bad news for you. We cut off the wrong leg. But there is some good news. The withered limb is beginning to show some signs of life!" Or the story of the master of the group of galley slaves, who says: "Men, I have some good news for you. You are going to have an extra noggin of rum today. But now the bad news—The Captain wants to go water skiing!'' And in even briefer form—Othello says to Desdemona: ''I have bad news for you. I'm going to strangle you. Now I'll tell you the good news. I found your handkerchief!''

The ''revolution'' I have been describing in reporting and in politics is the theme of the book called *Deschooling* by Ivan Illich. The theme of the book is simply that since there is now more information outside the schools than inside, we should close the schools and let the young obtain their education in the general environment once more. What Illich fails to see is that when the answers are outside, the time has come to put the questions inside the school, rather than the answers. In other words, it is now possible to make the schools not a place for packaged information, but a place for dialogue and discovery. This new pattern is recorded in the observation that twentieth century man is a person who runs down the street shouting: ''I've got the answers. What are the questions?'' There are various versions of this observation, some of them attributed to people like Gertrude Stein. At any rate, when information becomes totally environmental and instantaneous, it is impossible to have monopolies of knowledge or specialism, a fact which is extremely upsetting to nearly everybody in our present Establishments.

The loss of monopolies of knowledge and specialism is recorded in many fun books, like *Parkinson's Law* and *The Peter Principle* and *One-up-man-ship*. In fact, it is a basic principle that when new grievances occur, new jokes come with them. Another basic change resulting from electric speed, of course, is the shift from centralized to decentralized structures in every sector of community life. At the political level it is called ''separatism'', but it has been happening on a huge scale in business and in education, as well. In private life it is called ''dropoutism''. In fact, that is the theme of my book *Take Today: The Executive as Dropout*. The work ethic is being overlaid very quickly by these new forms of organization so that twentieth century man not only experiences his subliminal life being pushed up into consciousness, but the daily process of living takes on an increasingly mythic or corporate participation in processes that had previously been kept down in the unconscious. It was Harold Innis in his essay on ''Minerva's Owl'' (prompted by his studies of the Canadian economy) who showed how the ordinary technologies of everyday life have effects upon us that are in no way dependent upon the uses for which their makers intended them. However, in the age of ecology, the age in which we recognize that everything affects everything, it is no longer possible to remain unaware of the effects of the things we make, on our psychic and social lives. We are living in a situation which has been called ''future shock''. Future shock, in fact, is ''culture lag'', that is, the failure to notice what is happening in the present.

Before you return to work, I will tell you the story about the artist, Rodin, who, as he was completing his work on his statue of ''The Thinker'', it being a very hot afternoon, turned to the sitter and said: ''O.K. stupid—you can get down now!''

Thanks very much.

Professor McLuhan was thanked on behalf of The Empire Club by Mr. H. Ian Macdonald, a Past President of the Club.

MR. MACDONALD:

Mr. President, if you will forgive me a personal observation but I couldn't help noticing after studying you and Marshall McLuhan in profile that in one sense I think you are becoming a more rounded square than the guest speaker today.

A few years ago the name of Marshall McLuhan became synonymous with the phrase ''The medium is the message''. And about that time this country was engaged in one of its periodic states of self-flagellation with the face of doom appearing in every crystal ball. However, I recall one noted public figure suggesting that all we really needed was a ''happy medium''. No one has ever suggested that Marshall McLuhan is a medium but I am sure that after listening to his message today we have found him, indeed, a deep and perceptive social commentator.

Personally, in my own anachronistic way, I have never really thought of work as an ethical matter—rather I simply thought of it as a preferable state to slow starvation. However, the new world that you have sketched, Marshall, is infinitely to be preferred to either work or starvation and it is a privilege for me to express to you the appreciation which we all so clearly feel for your remarks today.

Thank you.

NOVEMBER 23,
1972

The Next Mayor of Toronto

ADDRESSES BY Aldermen David E. Crombie,
Anthony O'Donohue,
David Rotenberg

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

Permit me to quote from a speech delivered to this Club entitled ''City of Toronto Disposal of Sewage and Water Filtration''.

> ''The subject that we have taken up today is, and ought to be, one of supreme and paramount interest to the whole business community of this large City, and it is no new subject; it is a subject which has been discussed at length; it is a subject which has been, off and on, before you for forty years. Bundles of reports have been made from time to time, which have been regularly and duly pigeon-holed, and the municipality, as a whole, has progressed with callous indifference to what it is doing, and the citizens have gone into a state of apathy, if not nausea, regarding this all-important question.''

Thus spoke Charles M. Sheard, Medical Health Officer of Toronto, on October 24, 1907. Later in the same year, Mr. W. F. McLean, M.P. in addressing The Empire Club stated:

> ''—now is the time to outline the policy for a system of tubes in Toronto. The tubes cost very little. You would be surprised what a tube running to the north for quick under-

> ground traffic would be. You could run it thirty miles an hour. You could have one to the north-west and one north and these same tubes could be built in connection with a sewer system, the distribution of electric wires, etc. Is it not a shame the uptearing of these streets that you see? Let us once and for all adopt a policy of development that will from this day forward make provisions for the rapid growth of the city."

And on April 28, 1910 Mr. William Houston, Associate Editor of the Toronto Globe had this to say:

> "Looking to the future we should have a sea-wall drive at least fifteen miles long from the Humber River to the Scarboro' town-line, including the Island. We should have as its counterpart a boulevard from the mouth of the Humber, inland and around the city to the lake shore at Scarboro, at least twenty-five miles long, making a continuous drive, with electric car tracks, of 40 miles."

I find it useful at times to look at our current problems from an historical perspective.

Ladies and gentlemen, today's meeting is a new departure for The Empire Club. As far as I can ascertain we have never had more than one candidate for public office address the Club on the same occasion—indeed, I don't believe we have ever had a candidate for the mayoralty address us in the midst of an election campaign.

We were, however, anxious to give our members and their guests an opportunity to hear from the three candidates who first publicly declared their intention to run for the Mayor of the City of Toronto.

Your attendance here today certainly confirms that we have accurately assessed the wishes of our members in this regard.

A further departure from our normal proceedings is that I do not propose to give you a detailed resume as to the background of our three guests since, in attempting to do so, I might be accused of some bias, which would be particularly unfortunate having regard to the non partisan tradition of the Club and to my well established neutrality in all matters political.

However, let me express, on your behalf, to each of our guests a very warm welcome. We are indebted to you, not merely for being with us here today, but more particularly for being prepared to make the heavy sacrifices, personal and financial, in offering yourselves for public office.

It is one thing to carp and to criticize and it's another to throw your hat into the ring.

Ladies and gentlemen, I propose to call upon our three candidates to speak to us as nearly as possible for ten minutes each, I won't be too strict on that but I would ask you to comply as far as possible. I know you wish to get away by two o'clock. I wish to tell you that the order of speaking was determined before we came in here—Mr. Phillips was good enough to draw the three names from the hat and the gentlemen will speak in the order that their names were drawn. Without further ado I am pleased to call on Alderman David Crombie.

ALDERMAN DAVID CROMBIE:

Thank you very much, Joe Potts.

Ladies and Gentlemen, I am very glad to be here. I would like to talk to you today—by the way, I should say I'm pleased to be here with Mr. Phillips as well. We miss the stoplight at the corner of Gormley and Avenue Road by Oriole Parkway. It's nice to see him. He says, we elect him mayor and he'll get it back.

Ladies and Gentlemen, the campaign for the mayoralty of Toronto has been going on now for some number of weeks. I would like to talk to you today about the issues which I think are important and I think they are important to the City of Toronto and the people who live in the City of Toronto.

The first, and I think the most important issue, is the way in which we go about the future growth of this city. The past five to seven and, indeed, the past ten years have seen a tremendous explosion of growth in this city. It has brought enormous benefits; benefits in terms of new experiences, standard of living, more jobs, all those things. Outstanding! In my view this had two serious defects. One, we have attempted to grapple with the problem of growth and development; at the same time we have attempted to grapple with the problem with respect to the stability of neighbourhoods.

Neighbourhoods in this city have always been its touchstone—that is to say, neighbourhoods have always given Toronto its stability. That stability has brought investment and that investment has brought development and the development as it proceeds must continue to integrate rather than destroy neighbourhoods. It wasn't a question of meanness or a question of not caring which put us on a course of action whereby the construction of high-rise buildings has destroyed neighbourhoods. But the fact is that they have been. It is absolutely essential that as we proceed in the '70's that we revise our bylaws and our planning procedures and our planning principles, leaning to open space, side yards and setbacks, envelope systems, and all the rest of the planners' jargon. Those things can be changed so that development will have an effect on neighbourhoods that support them rather than hurt them.

Also, a second defect has been the growth of downtown with respect to development. Increasingly, Torontonians are beginning to feel just a little edgy about the course of that development. Not that we don't need it but, in fact, how we go about it because increasingly we are beginning to feel that Toronto downtown may not be our own anymore. We have, perhaps, not taken enough care to see that it does not become a kind of continual "wind tunnel". I teach planning implementation, I can assure you that it does not have to be. There are things that can be done, which I have indicated in my pamphlets and literature that I put out to you, there are things that can be done which can make sure that development continues to be human, touchable, liveable.

All over North America Toronto is becoming a kind of beacon because all over North America, in the major cities, people don't want to live downtown. In many of those cities, many which are close to Toronto like Buffalo and Detroit, the downtown is becoming bombed out and the people won't want to go there. And that was an old Toronto custom if you will recall—going to Buffalo shopping. Going to Buffalo shopping? Nobody from Toronto goes to Buffalo shopping anymore because it is not a liveable, touchable, human thing. It doesn't have to be that way and we can revise our planning principles and our procedures to make sure that it doesn't.

Secondly is the problem of the issue of transportation and traffic and just yesterday the Premier of this Province vindicated a number of people who have been saying "We can no longer continue to rely on the automobile as our fundamental mode of transportation for coming to and from work." This city has a golden opportunity to become the showplace with respect to rapid transit and the movement of great numbers of people without destroying the urban environment at the same time. If we continue to simply mindlessly use the car then we will choke, both in terms of our physical growth and our social health.

Again, this city has that opportunity. We can learn from what happened in Los Angeles or, indeed, Boston. A charming city cut to pieces by expressways. The Premier of this Province has given a lead, even willing to fund it to 75%. We can grab that. We can say "This will be the place, probably the only major city in North America, where it's possible to make that commitment to rapid transit."

The automobile is a wondrous thing, it is a flexible thing and there are people who need to use their cars to come downtown. There are vans and trucks that need to come here to feed this city with goods and services but there are good numbers of people who need not use their cars and we simply have to make public transportation convenient, so that they will get out of their cars and into that public transit.

The third issue deals with how people in this city are able to get involved in the planning of their own neighbourhood and the planning of this city. There was a time, perhaps, when it was just enough to allow us to elect politicians to go ahead and do the work and then come back to us at election time and we would make a judgment and either re-elect them or de-elect them. That's no longer possible. The speed of change is so great, today, and attitudes towards ourselves and our environment change so quickly that it is absolutely essential that the governed become involved with the government on a continuing basis. Whether that is in the form of ratepayer groups, or homeowner associations, or task forces, or working committees, or citizens' forums, the specific form is irrelevant. What is really important is that the City Hall has an obligation to encourage those where they exist in every neighbourhood and if they do not exist, we have an obligation to develop them. My experience as the Chairman of the Trefann Court Urban Renewal Committee, as Chairman of South St. James Town Committee and Liaison for the Yonge-St. Clair Task Force, I can assure you it is a painstaking, sometimes very boring, sometimes very troublesome process but, in fact, we are slowed down when people's self-interest is not being observed. That it why people are beginning to say "Hey! I'm involved here. I live in this city and I want to have something to say about my own neighbourhood and about where this city is going." It is not a question of outside agitators and radicals and Maoists and hippies and so on. Anybody who lives in the Yonge-St. Clair area knows that because in a short space of an hour and a half in June 1972 when the Planning Board of this city offered their thoughts to the people in that area they arose in anger 700 to 3 and rejected that. I was moved to make a comment at that time that the Planning Board in an hour and a half had radicalized more people than John Sewell had been able to do in three years.

And the explanation is clear. If people's self-interest is not going to be observed, then they will not act reasonably. That's a simple, commonsensical understanding of human nature. So it's absolutely essential that we pay attention and encourage and develop vehicles for self-expression in every neighbourhood in this city so that when traffic, or development, or whatever that specific issue is, is going to affect that neighbourhood, that neighbourhood is heard from first and not after.

The fourth issue is the relationship of this city to the other two levels of government. We can no longer afford a ''hit-and-miss'' situation. The problems of this country are increasingly the problems of the city and we are strapped in terms of the amount of money we have to bring to bear on the solutions to those problems. The Federal Government has money. The Provincial Government has money and we have increasingly an enormous number of problems. Too long Toronto has simply taken a back seat and reacted to what those two levels of government have done rather than asking them to act in connection with us. The Federal and Provincial Governments must be involved on a continuing basis, that's why I support, for example, the proposal for the continuing tri-level commission. We have to have them involved in the solution to our problems as they make sense to us, not merely when it's convenient to them, like at election time. Here's one specific example—the Olympics. Anybody who has seen the proposal that Toronto made for the Olympics would be ashamed. It is the thinnest, palest, most anaemic attempt to get the Olympics as I ever heard of. Secondly, in connection with the Olympics, there seemed to be the assumption that the Olympics only happen in one city. Now anybody knows that the Olympics in fact decentralizes many of the events. When the Olympics was held in Munich it was, in fact, held in seven other cities as well. We're going to be spending just about a billion dollars in this country—just about a billion dollars on the Olympics in 1976. We know Montreal has them. Now 45% of that billion dollars comes from the Province of Ontario. It seems to me we have an opportunity to help Montreal out and I think we should approach the Federal Government and indicate to them that this city is capable of taking over some significant Olympic events. For example, waterfront events. You can imagine trying to conduct the waterfront events in Montreal. It's very difficult. The waterfront in Toronto is adequate. In fact, it's more than adequate to cover the water events. There is no city in this country, secondly, that can cover the cultural events. Caravan has shown us that. We can look after the cultural events and make strong representations to the Federal Government and say ''Look, you've got a problem, we know they've got a problem and Montreal has a problem'' and we can get those.

Behind the issues which I mention I think there is something which links them up. It's indeed a kind of instinct, a philosophy, if you will, but it is something that perhaps a new generation of Torontonians is also saying. It's saying slow down, just slow down a bit. Make sure that the change that occurs continues to allow this city to have a sense of roots, a sense of time and a sense of place. People need roots in their lives. If they don't have those roots then they won't have a commitment to this city. If they don't have a commitment to this city then we won't have to wonder what it is going to look like. Travel 95 miles south of Buffalo and you can see it. We have an opportunity to correct the trends that have dominated North America for a generation.

This election is important in this regard because the speed of change is so great we can't let it get ahead of us. The time is now to reverse those trends. That's why I decided to run for Mayor in June of 1972 and that's why I'm running now and that's why I'm before you today. If you feel as I do, I would ask you very much for your support. I need support because I want to win on December 4th because these are the things I'm concerned about. And when I go to the Beach and when I go to the Annex, when I go to Swansea, when I go to south Forest Hill, Moore Park, Deer Park, I find the same response. People are concerned about development in respect to their neighbourhood, concerned about transportation, traffic, concerned about how to get involved in the construction of this city and are concerned about how to relate the other two levels of government. Those are the issues.

Thank you very much for listening to me.

ALDERMAN DAVID ROTENBERG:

I want to thank The Empire Club for giving me this opportunity to speak today. The fact that so many of you are here shows that you care, as I do, about the City of Toronto.

I was pleased that today the *Toronto Star* officially endorsed my candidacy for Mayor and indicated in their editorial that Toronto needs firm and decisive leadership. So let's talk about ability and responsibility and the job of being Mayor of Toronto.

The City of Toronto is quite literally a corporation, a huge corporation, with an annual budget of over $300,000,000. The Mayor is the Chairman of the Board and its Chief Executive Officer. He has to bring a combination of wisdom and administrative confidence to that office. There is no question that he must be a capable, experienced manager. Capable of knowing and understanding a complex organization that is responsible to over 700,000 people.

As President of City Council and as Budget Chief for the past three years, I have the credentials to be Mayor. In 1971 I produced the first tax cut for city taxpayers, the first since 1953. I have taken part in all the major decisions for the past decade that have made our city so unique in North America. It was at my suggestion as a member of the City Planning Board that led to the creation of the Toronto Plan which guarantees the protection of Toronto's residential neighbourhoods. I worked with my good friend, former Mayor Nathan Phillips, in the planning that led to the building of our new City Hall. Between these two achievements, we have had a great impact in the shaping of the Toronto we know and enjoy today.

So far in my campaign for Mayor, I have been making policy proposals for the Toronto of tomorrow. Proposals dealing with citizen involvement, urban housing, development, taxation and the economy. I wish to review some of these platforms for a few moments and then go on to outline some of my views on transportation and the parking problem.

I have proposed that Toronto establish a land stabilization bank which would purchase and redevelop obsolete industrial land and other vacant Toronto land. The land would remain City property and the City would use it to plan new intercity residential neighbourhoods and expand existing ones. Because we could acquire this land for prices well below the normal cost of residential land, the cost of a completed unit would be significantly less than it would be in commercial projects. This would help to halt land speculation and stabilize land prices. As part of this land acquisition program, I have proposed that we take an important environmental step, the covering of the outdoor settling tanks at the Ashbridge's Bay Sewage Plant. Anyone familiar with Woodbine Beach, the Somerville Pool, the Yacht Club, the east downtown area, knows what happens when those tanks sit baking in the warm sun. They spoil the summer for thousands of residents and visitors and make it a stinking hell in the east end. I have examined some of the preliminary engineering studies done on this problem. They have determined that for an outlay of about four to five million dollars we can clear up this problem for all time. We cover the tanks, we collect the gases that are now spread over east Toronto and burn them off offending neither the air, the eye nor the nose. Of those 500 acres of vacant land at least 200 could suddenly become prime residential land and the rest should be retained for recreational use. Remember this is now publicly owned land and at a cost of something less than 50 cents a square foot to cover the tanks, we can convert useless land into residential and recreational land. Anywhere else in the city residential land would be selling for $15 to $20 a square foot. This land would become part of our Land Stabilization Bank and give Toronto an opportunity to launch a major residential lakefront project with accommodations for senior citizens, single family dwellings, low income homes, multiple family dwellings, a completely balanced community following the paths of our other successful Toronto neighbourhoods.

In light of our successful experience in the design and the construction of the new City Hall, I am proposing that we conduct again an international competition inviting urban planners from all over the world to meet the most spectacular challenge ever conceived by a city—the creation of a completely new neighbourhood in the heart of North America's most exciting urban centre. 200 acres of new housing with another 300 acres of residential land at its doorstep. In the same way that our City Hall put us on the world map of architecture and set a high standard for every commercial development that followed downtown, the Ashbridge's Bay Project will give us an opportunity to create a new international standard for a residential life style. A new standard for the neighbourhoods of North America. A standard again which will be the envy of the world.

I want to see this project through as Mayor of Toronto because I believe that Toronto should take its place among the great cities of the world. A leader in creating a decent and human environment for people to work and to live.

In the process of acquiring property, the Land Stabilization Bank will be purchasing obsolete, industrial land in the poorer area of Toronto. Land that becomes available as industry continues its inevitable flight to the suburbs and to the small towns of Ontario.

I have proposed that the city establish new business incubators in the obsolete buildings as they await redevelopment. There is no question that a real correlation exists between the number and size of a city's business enterprises and the health of that city. On one hand, we look at such cities as Pittsburgh and Detroit, deteriorating cities with heart disease, and we realize that these cities have only a handful of employers. Massive corporations and massive payrolls. In Toronto, however, the average company employs only forty persons. It's a warm, lively city with a great variety of jobs and places to work and these two situations go hand and hand. It is therefore in the best interests of the city to encourage the proliferation of innovative new businessmen. As Mayor, I would invite some of our successful businessmen and professionals, perhaps some of you here today, to act as advisers to promising new businesses. Small companies that have a chance to go somewhere if they have professional know-how to help out. We would provide them with know-how. Provide them with space and obsolete buildings and point them to sources of private capital investment. They will avoid the pitfalls that await the fledgling entrepreneur. And as each new business succeeds, and certainly it will, it would be the incubator and new ones would be invited to take its place.

It is obvious that if Canadians are to own a greater share of the national economy, more Canadian companies must be established and must prosper. We want to provide the environment for this to happen for the good of both Toronto and for the good of Canada.

I wish now to turn for a moment to taxation. A subject in which I have special interest as Budget Chief for the City. I have taken strong stands on Council and as a member of the Finance Committee of the Canadian Federation of Mayors urging a new look at property taxes. The first tri-level conference in Toronto was held this week and I was Toronto's representative at that conference. I believe the conference was a major forward step. After 105 years we have finally got the other governments to admit that three levels actually do exist and at the urban level is where the needs are. My proposals, made first to the Canadian Federation of Mayors and through them to the tri-level conference, has been to establish a permanent tax commission representing all three levels of government to examine the tax resources that are available and to reallocate these resources so that the burden of property taxation is removed from the homeowner. Our progresses may be slow but the die has now been cast. I want to continue my involvement as Mayor of Toronto to insure the cities of Canada have a strong voice to speak on behalf of our homeowners.

And turning now to transportation, I first must applaud the actions of Bill Davis yesterday in announcing his visionary plans to meet the transportation needs of Ontario. When Bill Davis opens his treasury chest to the tune of 1.3 billion dollars as he did yesterday, you can rest assured that Metro Toronto will be first in line. What the Premier has announced is a completely integrated transit system based on median volume, elevated trains operating in the city and, equally important, to outside points. This dovetails very neatly with something I believe in—the Toronto Centred Region Plan and its proposals to create satellite cities well outside of Toronto. Since the Metro area is adding over 50,000 residents every year, it is clear that we will soon have reached the housing saturation point. Even now, many people working in Toronto commute distances of 40 or 50 miles to their homes. Our major priority in making these satellite cities into sensible realities is to have fast, public transit available from the first day that they begin their existence. Experience here and elsewhere has shown that highways cannot be built fast enough or wide enough to accommodate commuter traffic. We know this ourselves. By providing our satellite suburbanites with adequate public transportation from the outset, the pressure to build more roads will simply not materialize and, of course, it will take much of the traffic off our city residential streets. Now our own City of Toronto Parking Authority should have an important voice in deliberations about transportation. It may well be that priorities of the Parking Authority should be changing, that to solve Toronto's parking problem the Parking Authority should be looking for solutions beyond Toronto's city limits. Perhaps even beyond the Metro limit. Parking should no longer only be a service accommodating itself to traffic but one that helps shape the flow of traffic. I propose that in the city we nominate specific areas for free on-street overnight parking. Areas which now do not have sufficient garages and driveways. I propose new parking stations on the edges of the downtown core with easy access to the Gardiner Expressway. Parking stations that can be underground and covered by a park and interconnecting these with the TTC, mini bus services or with some of Mr. Davis' innovative new transit. These transit systems would shuttle drivers and passengers to and from the new stations during rush hours and service the downtown commuter service during the rest of the day keeping the cars out of our downtown streets.

These are practical solutions to the problems of both parking and transportation. Solutions that can be implemented quickly. It may be a few years before we can see the fruition of the Davis transportation plan. We in Toronto can take useful steps to solve our own problems within a few months providing we have a Mayor who can take the initiative.

I earlier compared the Mayor's office to that of a Chairman and Chief Executive Officer of a Corporation. This is an office of responsibility and honour and I urge you to examine the candidates and the qualities of those candidates by those standards. My candidacy is based on twelve years' experience. My ability to solve problems with realistic and imaginative answers, answers that emphasize keeping Toronto a place for people, keeping Toronto the finest city in North America.

Thank you.

ALDERMAN TONY O'DONOHUE:

Before I came down here today my wife said to me "Where are you going for lunch?", and I said "Well, I am speaking to The Empire Club", and she said "My God!" "Make sure you don't make any mistakes today," she says. You know, to some people The Empire Club might seem to be the Club where big people in Toronto meet and make decisions. You meet everybody at The Empire Club. I've been going across this city for the past six years, meeting people, tenants' groups, ratepayer groups, Portuguese soccer club, Empire Club, I'm glad to be here today. And I know I am speaking to a group of people today that are vitally interested in what happens in the City of Toronto, not only now but in the years ahead.

I am a new person to Toronto. I came here sixteen years ago, as my wife did, in 1949, as a refugee. She was born in Lithuania and her father died in a slave labour camp in Siberia. I emigrated here in '56 as a young engineer. When I got off the boat in Montreal I took the plane to Toronto, got a job and have been here ever since. We love this city. We love this city like nobody else loves this city. This city has been good to us like it has been good to thousands of other people who have come here before us. Maybe lots of you people, or your fathers, or your grandfathers, had the same experience as we have now and we are thankful for the opportunity of being able to say that to you today. Toronto has opened its heart to many people and that is why many people have made Toronto their home.

I have worked in the buildings in Toronto, the tall buildings, little buildings. I have worked in the water mains in the streets, in the bridges, in the sewers. I know what goes into the making of a city. It's part of my profession. I'm a professional engineer. I know the sweat and the blood. I've got the feeling of it in my fingers, in my hands and in my blood to what makes a city like Toronto "go". So I'm approaching this election with the knowledge that I've got that background in my profession and also as a politician because I've seen it from both sides of the fence.

You all know of my contribution to the environment in the early '60s, the papers that I have done that have been published nationally, when nobody else was talking about pollution. You know of the fights that I've led in the late sixties to have the Hearn Power Plant converted from coal to natural gas. You know of the fight we had to convert the Pearl Street Plant to natural gas. You know of my fight to stop the Jail Farm from being sold. I'm sure you know a lot more about me from what you've read in the paper and the fights that I've led at City Hall.

I want to point out one thing to you—I am nobody's boy. As far as the running of the city is concerned, I will listen, I've got an open mind and I listen to what people say and it's an input into the final decision that I have to make. I have approached this election with that in mind. I have not been able to get the support as Alderman Rotenberg can claim from the established systems here in Toronto. I haven't got the *Star*, neither have I got the *Globe* nor have I got the *Sun*. I think I've got one thing going for me, I've got the people of this city for me. I think I've got a cross section of support in this city that no other politician has because I have made it my business in the past sixteen years since I've got into politics to get to know the people of this city and I know them like nobody else knows them and with my background as an engineer I think I can make a contribution to this City second to none.

Well, Mr. Chairman, I have decided in my campaign to try and do a policy paper every day and I'd like to show you that this is my city—it's called "Tony's Toronto"—it's a whole list of the things that I believe in and I hope you will read it and when you've read it I hope you will decide to vote for me.

But I would like to talk to you today about some of the most interesting areas of the campaign with respect to issues and where I stand. Then I want to get into one specific one before I close. First of all, I want to tell you that I'm "for" amalgamation. I would like to see the Metro Chairman elected by the people of Metropolitan Toronto. I would like to see the Spadina Expressway and the Gardiner Expressway completed. I would like to see the Toronto Islands developed as a park, the whole Islands. I support the proposals made by the Prime Minister of the Province yesterday with respect to the transportation plans that he unveiled and I would like to say to you very simply that if I get in as Mayor that I will be behind any plan that will try and double the amount of subway that we have in this Metropolitan area. We must put more emphasis on subways.

I would like to throw out a challenge to engineers, architects and planners to bring to this city a renaissance in building. We haven't had this. In this respect I would like to tell you that I am for the Eaton's Centre. Unfortunately, the other day there was a little bit of a mixup in times and I came into the meeting about a half an hour before it finished when it should have been the following day. But the plan itself is sound and I will be supporting the Eaton Plan in Council. Metro Centre is another plan that I have supported. It will be good for this city. This city needs redevelopment. It has to have redevelopment. Any city without redevelopment will surely die. We have to have it.

Now I would like to mention a specific program today. I am committed to a policy which sees no building of historic significance to the city, province or nation torn down. Preservation of the physical record of our heritage should be of paramount importance. All steps possible must be taken to insure that such monuments remain for ourselves and for our children and for future generations.

Historical areas are a different matter. As distinct from historic areas, an historical area is one typifying a particular style of life or architecture or a community environment of a particular nature. The historical areas of Toronto, taken collectively, are the character of this city. As such, they must be protected. It is my policy that no historical, and I mean in the broadest sense, residential or neighbourhood area should be demolished. The bulldozer must not rule and the people who live in the area have every right to stay there.

Our city is unique in North America. We have areas of high density then falls off to adjacent residential areas and builds back up again. What that means is that the entire core area of the city has people living in it. It is not only worth preserving this kind of mosaic but absolutely essential to the continued life and vitality of Toronto as a city. Undoubtedly, some of these neighbourhoods require rejuvenation. I am committed to see that the rejuvenation takes place without the wholesale demolition of worthwhile and sound existing buildings and in an atmosphere where the tax base pressure is not such as to force owners to sell out and where buyers find themselves in a situation where they must develop to full density in order to be able to justify their investments.

My policy is to preserve the amenity of the City of Toronto. The means of preserving that amenity are people and buildings. The neighbourhoods, their characters and their skills must be preserved not as museum pieces or some eccentricity to be studied as a specimen but as vital and living organic segments of the entire city structure. And here are some proposals for municipal preservation:

(a) I would like to establish immediately after December 4th a Selection Committee on preservation to list within three months at least the ten most important historic buildings in the City of Toronto following which the Selection Committee would make an up-to-date inventory of all historic buildings and historical streetscapes that should be preserved for the benefit of the people and to ask City Council to take immediate steps to protect the designated buildings from any possible demolition or major exterior alteration. The Selection Committee would work in co-operation with the Toronto Historical Board.

(b) To establish within the city budget an emergency preservation fund and in this connection I recommend in addition a maximum nine months' property tax relief program for owners of historic buildings which are under pressures from the owners themselves or from builders for demolition and the property used for commercial or residential high-rises, etc. A nine month delay period to be used in search of new or alternate use of the existing historic structure.

(c) To commission a study of rental effects of high-rise commercial building construction.

(d) To examine the feasibility of an architectual design review board within the city and to work with the city itself in conjunction with the Ontario Association of Architects. This board would review all applications for commercial and residential high-rise structures. It would not be empowered to refuse or delay building permits to anybody but rather appraise each project and release its findings and comments to the public prior to the building permits approval or rezoning changes. The board would mostly want to draw attention to developers that in designing new structures and new buildings they should relate to the surrounding streetscape and complement the existing environment within the area.

(e) To establish a permanent advisory committe or task force to advise the city on historic and historical preservation. And these proposals are made, particularly the Architectural Design Review Board so that the public interest is protected and it can best be protected through some of the proposals made above and if it has the opportunity, indeed the right, to be in on the discussions at every beginning.

Now, Ladies and Gentlemen, I want to say to you that I am appealing for your support on December 4th. I know that I've got the qualities and the qualifications. I've got everything it takes to lead a city to greatness and I want to be part and continue to be part of the growing of this city. I can assure you that if you give me your trust on December 4th you will not regret it.

Thank you very much.

Aldermen David Crombie, Anthony O'Donohue and David Rotenberg were thanked on behalf of The Empire Club by Major Charles C. Hoffman, a Director of the Club.

MR. HOFFMAN:

This is one of the few times when every person in the audience would welcome an opportunity of being able to thank our speakers today. We all know that we live in possibly the greatest country in the world and the most outstanding city in Canada. Part of this has been made possible through the dedication and hard work of these three gentlemen you have heard from today. Of course, there have been others who have served in the past and who still serve in the present on some of the Councils, both in Toronto and around this community and Metropolitan Toronto.

Toronto is truly an exciting and a very beautiful city. Through my own work in the convention and tourist business I have visited many countries around the world and I have seen some beautiful places but I've seen a few horrible places like you have. I can remember not too long ago being in a city that looked so terrible that the City Fathers levelled it to the ground and erected a slum.

Some of you in this city may think that our kids in this city are a little bit on the tough side. Well, the kids there were really tough. A woman visitor was walking down the street. She came across a very tiny boy sitting on the sidewalk drinking out of a bottle of liquor and smoking a cigar. She furiously walked over to the kid and said "Son, why aren't you in school?" He said "Why hell lady, I'm only four years old."

Well, we've had many firsts in Canada like the discovery of insulin and hockey and five pin bowling and so on but I think this is possibly the first time we have had a head table like this one here today. It provides the members of this Club, their wives and their friends with an opportunity of not only hearing from these three speakers but also acknowledging, and gratefully acknowledging some of the other Mayors who served in this Metropolitan Toronto. Some of them aren't here today like Bill Dennison—Mayor Dennison who has been on our Board for many years served as a Director and a long time member and is here most Thursdays. And Mayor Tru Davidson who is not here today.

Mr. Crombie, we are all pleased with your very deep concern for the people of Toronto and those in all the neighbourhoods around this Metropolitan area. For, as you say, this can make Toronto a most interesting and more attractive and more comfortable city in which to live. We thank you for your service to the city and for being with us today and we wish you well in the future.

Mr. Rotenberg, your twelve years on City and Metro Councils and your three years as President of City Council has enabled you to fight for parklands and as the Budget Chief to play a very strong part in the financial affairs of our city. We wish you well in your future endeavours and we thank you for all that you have done in the past and for being with us today.

Mr. O'Donohue, as a professional engineer, you have assisted greatly in handling the technical problems of our city and you have certainly made us all more aware of the water and air pollution which affects both our present and our future. We thank you for all you have done in the past and for being with us today and wish you well in the future.

Good luck to each of you candidates. We wish you well, of course. And so that our city will be directed to having the strongest and most capable Mayor in North America, everyone in this room would join me in saying—may the best man win.

NOVEMBER 30, 1972

Optimism for the Future

AN ADDRESS BY The Honourable
Richard B. Hatfield, M.L.A., LL.B.,
PREMIER OF NEW BRUNSWICK

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

Restigouche and Campbellton, Madawaska and Edmundston, Miramichi and Chatham, Kennebecasis and Saint John, Passamaquoddy and St. Andrews, Mactaquac and Fredericton.

What a magical combination of names but they all have one thing in common—they are part of the fabric of New Brunswick—the Picture Province of Canada.

Sir, on behalf of every member of The Empire Club I am delighted to welcome you here and more particularly to thank you for taking time out from your extremely hectic life to share with us some of your thoughts.

The purpose and object of The Empire Club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto. Your presence here today is yet another milestone in the Club's history—which goes back almost 70 years.

Speaking of history, permit me to quote from some very recent history.

It is taken from a journal, or a log, written by my children during our camping expedition in the Maritimes last summer.

The quotations are from Chapters 16 and 17, yet unpublished I might say, written in Mactaquac Provincial Park, which is located some 15 miles from Fredericton on the 65-mile long Mactaquac Power Development on the Saint John River.

My 16 year old daughter, Roberta, reported as follows: And I quote:

> ''We zipped over from the overflow camp to our new site. It is considered by many to be the best campsite in the park and the best park we've been at. To show how great it is, we are planning to stay, yet another day. The beach is just around the corner, the water beside us, the johns a few spaces away, and there are all sorts of games, golf, croquet, baseball, etc., a store, trails, etc., showers. Today Art and Rich skindived and caddied. Other people swam and played games. Louise treated Diana and I to ice cream.''

My 12 year old daughter, Diana, on the following day, recorded these words:

> ''We got up late compared to the mornings before. We had our early morning swim before breakfast and then we all went to the Art Gallery in Fredericton which Dad said all we had to do was see it. We almost had to see a museum but the vote was against him and he said he didn't want to go back on his word. So we didn't have to go. Then came along a fish hatchery and the boys wanted to see but the girls didn't. We ended up by seeing it which Robbie and I didn't think was fair 'cause dad was going back on his word. We went home and had lunch.''

Let me assure you, Mr. Premier, that there is certainly one family from Toronto who considers your province to be the greatest.

Our guest was born in Hartland, New Brunswick.

I should tell you that Hartland is renowned not merely by reason of the fact that it was the birthplace of our guest speaker but also by reason of the fact that it has the longest covered bridge in the world, the overall length of which is 1,282 feet.

Mr. Hatfield attended Acadia University and the Dalhousie Law School.

He was first elected to the New Brunswick Legislative Assembly in 1961 at the age of 30, became Leader of the Opposition in 1968, Leader of the Progressive Conservative Party in 1969 and Premier in 1970. Certainly a most impressive and rapid rise up the arduous political ladder. He is a Director of the Canadian Council of Christians and Jews; member of the provincial executive of the Red Cross Society and of the Provincial Council of the Boy Scouts of Canada.

He is also Chief Rolling Thunder and Canada's most eligible bachelor. And I was advised just today that he was appointed during his recent visit to France as Knight Commander of a wine tasting society.

Ladies and Gentlemen, I am delighted to be able to present to you The Honourable Richard Hatfield, Premier of New Brunswick.

THE HONOURABLE RICHARD B. HATFIELD:

Thank you very much, Mr. Chairman. I think that we will have to refer your daughters' log to our Tourist Department—Publications. They are some of the best words about New Brunswick I've heard.

I want to say what a privilege it is for me to be here this afternoon. Before I begin I would like to mention that a very close friend of mine has come to Toronto to be here at this luncheon. A man who gave me a great deal of strength and support during my political career. A man who set an example to me and that man last night died in Toronto—Macdonald D. Patterson. A man whom I'm sure that many of you, particularly in the business community of Toronto, knew and respected and regarded as highly as I did.

I am also very happy, Mr. President, to share this head table with a number of people who have given much to the Province of New Brunswick and in return, New Brunswick has given much to them—and I think that can apply to this whole audience in that New Brunswick has a contribution to make to you and you have a contribution to make to our Province of Canada.

I welcome the opportunity to address this distinguished audience, representative of this valued institution. It is also important, I know, that the Premier of New Brunswick be well and favourably known to such an audience. If not that, at least that there be some perception of him and his province. In a city as large and affluent as Toronto, this is not an easy thing to do.

It often occurs to me that most of what is read and heard about New Brunswick in the sense of news is likely to be bad news. That is the way of big town journalism and I have no complaint about that. Nevertheless, I have to say that if all you knew about New Brunswick was taken from the media, you would have to assume that there was a lot going wrong in that province and not much going right.

As an example, we have had some recent labour difficulties in the province and I do not minimize that fact, but I would want to put it in the context of another significant fact, which is that we are fortunate in New Brunswick to have one of the most stable labour forces in Canada, and we have enjoyed a minimum of work stoppages through strikes.

For another example, there has been much more comment in the past about the serious pollution problems along the Saint John River, but there is less realization of the fact that we have made enormous strides in cleaning up that river and restoring it to its natural and healthy state.

I should also say that the Government of New Brunswick has confronted the same complex of problems as have many other sister provinces, and we have tried similar measures to overcome them, sometimes with more success and sometimes with less. But what we have tried not to do is to attack social and economic problems with propaganda, or to attempt to confuse motion with action, or slogans with solutions.

This leads me to a general thesis which I thought I might express today, which might be interpreted with appropriate modesty as a philosophy of government which we have adopted and which is very much a part of the way in which the government operates in my province.

Nevertheless, one is bound from time to time to reflect upon the business of politics, and one's part in it. I think there are two basic considerations, at least for me, that are the lights by which one steers his course in politics.

The first of these has to do with the power of office, which is what the struggle is all about. But it is not just a struggle for power, because power without worthy purpose is simply tyranny. And most of us, I think, get into politics and pursue power for a worthy purpose.

My purpose, and I will be very frank with you, was to have the power to help restore public confidence, in my province, in our politics and our political institutions. Certainly, when one has power, one wants to make things better for more and more people, improve the standard of public services, and improve the daily lot of one's fellow citizens. That goes without saying.

But New Brunswick, because of its special history and character, has been—and still is—passing through a critical time. There has been, in that province, a deep and abiding sense of grievance: There has been a chronic disillusion and a chronic failure of expectations. Out of this, I believe, there grew a very real cynicism about politics and politicians, a cynicism which was especially felt by many of the young who, because politics was contemptible to them, refused to take part in it.

We had—as we still have—many in this province who are poor. We are all familiar with poverty in our part of Canada. I think it is true to say that the poor have been the pawns in our political process for a long time in New Brunswick—for too long a time. So that we see now that they organize themselves, refusing the conventional approaches of politics, and prefer direct confrontation to the traditional method of dealing through their political representatives.

They do so not only because their politicians have so many times used them and abused their confidence, but because they no longer believe that social justice can be achieved within our system. The poor and disadvantaged stand in the old clothes of the old promises, and you cannot really blame them for believing, because politicians have failed them in the past, that the politicians in the future will also fail them.

Think about it—imagine you were a citizen in this society and you could not believe there was justice, or you believed all politicians were liars, or you believed all politicians were simply lining their own pockets, or you believed politics was only for the affluent, and the quick—think about how you would feel. Imagine walking past your Provincial Legislature and saying to yourself: whatever goes on in there has nothing to do with me.

But it is not only the poor who sense this feeling of alienation, nor is it just the young who are non-involved, nor only the old who feel abandoned.

And I do not mean to suggest that this has happened only in New Brunswick, but I can only speak of the province I know and not about the provinces I do not know. I do know that in New Brunswick there were many people—too many people—who had not only lost confidence in the government of the day, they had really begun to lose confidence in our political process.

And this seemed to me to be the most serious problem to be faced by those in politics, and especially by those who held political power. The problem was how to restore the confidence of people in the political institutions of their own society.

Well, I know what the problem is but I do not necessarily know how to solve it. I do know that while I believe I can do something about solving it, I need a lot of help. I need help from my colleagues, from my supporters, from my party, from the press, and from the community at large, including this one. I can also tell you some of the things I thought I could do, given my responsibility, to restore the confidence of our people in their political institutions.

One of the things I decided to do was to move about the province as much as I could, as Premier, and meet people on their own terms and on their own ground. New Brunswick is a big province and, for many of its people, Fredericton is as far from them as Moose Jaw. You discover that one of the things that has happened to our society is that many people have lost the sense of governing ourselves, which is something we used to have when we really had localized power and people felt they were in close touch with those who governed them in important matters such as schools and property taxes and roads.

As I say, we have lost that immediate sense of self-government, and that is part of the problem of non-participation and non-concern. You know, people got used to the fact that the only time they would see a politician was during an election, when he wanted something from them, and the hardest person to find was a politician between elections, when they wanted something from him. I don't want to be that kind of politician.

So, one of the things I have tried to do is get around the province as often as I can and see what's going on, and be seen doing it. Now the opposition does not like this, because I use an aircraft or a helicopter and they would, I guess, much prefer it if I walked. But it is a large province as I keep trying to tell them.

Another thing I decided to do—which is not so easy as flying in an aircraft to places like Caraquet or St. Stephen—is that I would make more of the processes of government public. When I was in opposition I used to wonder what it was the government knew that I didn't know that was tucked away in all their confidential reports and surveys. When I became Premier and read the stuff I was amazed to discover how little, if anything, there was in it that was not already known.

But that is not the principal reason for conducting the public's business in public. The real reason is that the more you keep from the public, the greater the distance grows between your perception of your job, as a Premier, and the public's perception. They have a right to believe, since you have all those secret reports, that you are far better informed than they are, and therefore you ought to do something about their problems. I have come to be convinced, the more they know, the less likely they are to believe that you have magic solutions to problems. Instead, you must share your knowledge, share the problems and share the task of working things out.

I think it is possible too, for a man in public life to come to believe that he should never admit to making a mistake. But I don't believe people really want perfection in their politicians, if only because they know there cannot be such a thing. In the same way people prefer humility to arrogance, they prefer to have honest politicians who, just like anyone else, will make mistakes, and like anyone else, will admit to them.

As we all know, politics is an imperfect science. There is a tendency in politics to confuse authority with omnipotence, which is to think that might makes right. But if you want people to be involved in government, and in politics, you have to let them in on your mistakes as well as your achievements. After all, no one is really interested in a sure thing and I suspect it's true that the average citizen would trust a government that made mistakes and admitted to them a lot more than he would trust a government which kept assuring him that it had not made any mistakes.

Finally, and more seriously, I believe the vast majority of people have a very good sense of what is right and what is wrong. Politicians have been known to agonize about the political implications of a certain decision and they have also been known to make the wrong decision. What they have to ask themselves is whether their sense of right and wrong is any different, any better or worse, than that of the people they represent.

However much the view of many people has changed about politics, they nevertheless retain, I believe, a deep wisdom about what they know is right and what is not. And it seems to me to be of vital importance, and a very profound trust, that those of us who have responsibility discharge our responsibility with that in mind.

It is true that some may misunderstand you, or not understand you at all, and, in the short run, you may enjoy some measure of unpopularity. But the name of the game is not popularity, it is responsibility, and the ongoing value of the permanent institution of government which, for a brief period of a long history, the public has entrusted to you.

I believe, you see, there really is a vast, soundless but thoughtful majority of people who are not of any particular political stripe or party but who have a commonsense judgement about large public questions. They do not care too keenly as to whether political matters are always resolved to their liking or in their favour, so long as they appear to be resolved fairly, and for some sensible reasons, and so long as their leaders prove to them that they share with them this sense of the rightness of things. I believe people will put up with a lot from a government, including unpopular decisions and mistakes, providing they feel they can trust its leadership.

Ladies and gentlemen, as I said at the beginning, we face something of a challenge in New Brunswick, and perhaps elsewhere. The challenge is to our political institutions and system and how we can restore public confidence in it and the recognition that, while imperfect and sometimes faltering, it still is the best mechanism we have—indeed, the only one—to provide a sense of community, a chance to develop equality and opportunity, to unite people, and to resolve public problems.

When I say ''political institutions'', I mean the cabinet system, the legislative process, and the political parties which make them function. This is the machinery we have and we have none other for keeping us together, and for maintaining a free society. If we cannot resolve our problems sensibly and peacefully through our political institutions, it will only be because too many people have abandoned their confidence in our political system.

We are one of the ten Canadian provinces, certainly not the largest and obviously not among the wealthiest. We take from our part in confederation—in material terms—in dollars and cents—more than we put into it. What we can do, to compensate for that, is to contribute to the strengthening of our common political institutions and improve upon public confidence in them, and the value people put upon them.

I have no doubt as to New Brunswick's future, in an economic sense. I am confident we can overcome some of our persistent, historic social problems. But we have a larger role which, at this particular time, is a prior concern. So, ladies and gentlemen, even if the news reported from my province continues to suggest an atmosphere of crisis, or even if the trumpets of propaganda and publicity are muted, I want to reassure you that there is something new and progressive and significant happening in New Brunswick, which is the deliberate, sincere and earnest effort to create a new atmosphere of confidence and faith not merely in ourselves, or in our economic future, but in the worth of our institutions and in our capacity to govern ourselves.

Thank you.

Mr. Hatfield was thanked on behalf of The Empire Club by Mr. Robert L. Armstrong, First Vice President of the Club.

MR. ARMSTRONG:

Mr. Chairman, honoured guests, ladies and gentlemen: before expressing the appreciation of this audience to our speaker, I would like to commend our Chairman on the excellent manner in which he pronounced most of those New Brunswick names, with the possible exception of Kennebecasis.

At the conclusion of last Thursday's Empire Club luncheon meeting, our Chairman announced that our speaker next week would be The Hon. Richard B. Hatfield, President. And I wondered, having emigrated from New Brunswick a few years ago, whether my province had become a Republic and, if so, I was sure that the citizens had chosen well in a President.

There is a section of the Province of New Brunswick in the upper reaches of the Saint John River valley, a county which borders on the Province of Quebec and on the State of Maine which is familiarly known to New Brunswickers as "The Republic of Madawaska". I am not sure, Mr. Premier, whether the Premier of the Province of New Brunswick is also the President de la République de Madawaska.

However, aside from this bit of preamble, may I say it's been a great pleasure to have you here, sir, today. We've appreciated your message. It has been an excellent one; so sincere, so informative, so enthusiastic and so optimistic and I would like to say that many of us who are residents of Upper

Canada, as we call it, whether we be natives, whether we be expatriate New Brunswickers, whether we come from other lesser known parts of the world, we are always happy to have a breath of fresh Atlantic air such as you bring us today and we thank you very much.

DECEMBER 7, 1972

Law Reform and the Transitional Man

AN ADDRESS BY The Honourable
Mr. Justice Patrick Hartt,
CHAIRMAN, LAW REFORM
COMMISSION OF CANADA

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

I should think that our distinguished guest today is in an ideal position to take comfort from the words once uttered by Woodrow Wilson—

> "I used to be a lawyer but now I am a reformed character."

My Lord, it is our constant endeavour in The Empire Club to ensure that the timing of an address and all other relevant circumstances are as propitious as possible, so as to ensure that our guest speaker's message will be received with the maximum of interest and attention.

Having regard to the title of your address 'Law Reform and the Transitional Man' and judging by the headlines in the newspapers on Tuesday, we've outdone ourselves on this particular occasion—even to the extent you might assume of arranging the outcome of the elections throughout Metropolitan Toronto.

Toronto is obviously ripe for reform, legal or otherwise.

Indeed, reform is now the 'in' word.

As for the 'Transitional Man' concept, a goodly number of incumbents found after the election that they were a lot more transitional than they had previously anticipated.

Speaking of reform, there was a reported case where the judge came into court one morning and said "Yesterday I received a letter in the mail from the plaintiff with a cheque for $1,000. This morning I received a letter in the mail from the defendant with a cheque for $1,500. I propose to return $500 to the defendant in order that I should be able to try this case on its merits."

When John Kennedy was first elected as President of the United States, his first act in the direction of law reform was to appoint his youthful brother, the late Robert Kennedy to the cabinet as Attorney General.

When the Republicans sought to make an issue out of this appointment, comparable to Roosevelt's attempt to pack the Supreme Court, the President destroyed the issue in saying—

> "I don't see what's wrong with giving Bobby a little experience before he starts to practise law."

He then went on to say—

> "... speaking of jobs for relatives, Master Robert Kennedy, age 4, came to see me today but I told him we already had an Attorney General."

My Lord, we are indeed honoured by your presence here today and it is my privilege, on behalf of every member of The Empire Club, to extend to you a very warm welcome.

Mr. Justice Hartt was educated at the University of Western Ontario where he received his Bachelor and Master of Arts degrees. He was called to the Bar in 1953 following which he specialized in criminal law in partnership with G. Arthur Martin, Q.C. and acted as Defence Counsel in over twenty murder trials.

He was appointed one of Her Majesty's Counsel Learned in the Law in 1962 which was less than ten years after he was called to the Bar—mute testimony of his skill as an advocate.

He was Counsel to the Royal Commission Inquiry into Windfall Oils and Mines Limited, a lecturer at Osgoode Hall

Law School on criminal law and procedure and the Director of the Criminal Procedure Section of the Ontario Bar Admission Course.

At present he is honorary lecturer at Osgoode Hall and a member of the teaching faculty for the Canadian Judicial Conference.

He was appointed a Justice of the Supreme Court of Ontario in 1966 at the age of forty and five years later was appointed as the first Chairman of the newly created Law Reform Commission of Canada.

One aspect of his distinguished career, which is not generally known, is that he was also a Second Lieutenant in the 48th Highlanders of Canada in which capacity, having regard to the traditions of the service, he was good enough to pay me the appropriate compliments including, on occasion, to call me 'Sir'—how circumstances change!

It is now my honour and privilege to refer to him as 'My Lord'.

Bill Whiteacre tells me that he was present at the Phi Delta Phi Fraternity House when our guest first donned the kilt.

In his typical thorough fashion he insisted that Bill inspect him to ensure that he was properly dressed.

Bill reports that he passed with flying colours.

Daniel Webster once said—

> "Justice is the greatest interest of man on earth. It is the ligament which holds civilized beings and civilized nations together wherever her temple stands and so long as it is duly honored there is a foundation for social security, general happiness, and the improvement and progress of our race. And whoever labours on this edifice with usefulness and with distinction, whoever clears its foundations, strengthens its pillars, adorns its entablatures, or contributes to raise its august dome still higher in the skies, connects himself, in name and fame and character, with that which is and must be as durable as the fame of human society."

There can be no doubt but that our guest has and continues to measure up to this challenge in a most exemplary fashion.

I am most honoured now to invite The Hon. Mr. Justice Patrick Hartt to address us on the subject of—"Law Reform and the Transitional Man".

THE HONOURABLE MR. JUSTICE PATRICK HARTT:

When I look back now it becomes much more obvious to me why I remained a probationary Second Lieutenant and never advanced further from that position.

Even apart from the introduction of my friend, Joe Potts, in many ways it would have been much easier to have come before you to deliver this address back at the turn of the century when your Club was first formed. Not, let me say quickly, because I yearn to be closer to the days of empire, but because I would have probably been able to speak to you with a kind of certainty and confidence that is difficult to achieve today.

A hundred years ago a man with my professional training *knew* things, or at least believed he did, and if anyone doubted his great wisdom or knowledge of the law, his office was sufficiently cloaked in mystery and majesty to make him reasonably safe from criticism. Retrospectively those must have been very comforting times indeed. Unfortunately they are gone and today I would like to say a little about why they are gone; and share with you some of the things I feel that we have to do about it. And, frankly, to ask your assistance in the work of the Federal Law Reform Commission.

As a law student, I was worried about knowing things in quite a different way. There were laws to be studied and the only problem was could I learn them, and then remember them long enough for examination time.

I had originally studied philosophy and then Law in this way; and then after being called to the bar, I made the discovery that I am sure is common to most of us in this room: that the step from book learning to the real world is full of many shocks and surprises.

But still, the doubt persists.

In over ten years at the criminal bar as a defence counsel I learned something about the law and about human nature. But, long before my appointment to the Supreme Court bench, I was learning that experience does not necessarily make you certain of things either.

And when I was asked to leave that court temporarily and take on the task of chairing the Law Reform Commission of Canada, I had something of the feeling that I described earlier: that it would have been easier to have been offered that appointment maybe a century ago. For one thing, I would not have needed, let alone ask for, your help. I would have known what to do.

In the history of the law, many mechanisms have been used for keeping it up to date.

Because law, good law, must reflect the collective experience and the values of a society, it changes slowly. Human societies need time to digest their experience and the law follows behind, changing always a little more slowly, still trying to avoid fads and fancies and new values that might be rejected when their novelty wore off.

If the law stayed less than fifty years behind current thinking, it could reasonably be called up-to-date. If, sometimes, it seemed a bit archaic, well this seemed better than running the risk of introducing new-fangled ideas before there had been enough time for wise and careful reflection.

In this context, the law reform commissioner of 100 years ago, if such a person existed, could proceed at a much more gentle pace.

During his time at the bar and on the bench he would have seen certain problems caused by outdated laws and his colleagues would have made him aware of others. He would have known, or at least he would have felt he knew, what was to be done.

And if he was not always sure what had to be done, he could look at the precedents and see where things seemed to be going wrong.

Lawyers, as everyone knows, are fond of precedents. What hasn't happened before, then it can't happen now, they sometimes seem to believe. And judges often appear to be worse than even the lawyers in this regard.

But precedents are more than just a fad with the legal profession. They represent examples of the collective experience that society has had with the law.

Each time we examine a precedent we can see what was supposed to happen, and then what did happen; and if the precedents seem to be having damaging effects, we can consider whether we wish to reform the law.

Precedents represent our historical authority for doing something again. We make a law; we try it out in society; we make judgements based on it; and as society changes and the law no longer seems quite to fit our needs, we gradually change it, with a sharp eye on the precedents to make sure that we do not throw away all the wisdom and experience that our ancestors have acquired.

It was a good system. Unfortunately, something seems to have been done to it just before I became Chairman of the Law Reform Commission.

Without asking me whether I approved, the rules of the game have been changed and the old, more restful certainties appear to have gone forever.

The most important difference is, I believe, the speed of change. Most of us are familiar now with the term "future shock". We are being told by the scientists and by the philosophers that our lives are changing at an unprecedented rate; and our experience tells us more and more often that this is true.

But it is also becoming apparent that our society is not only developing much faster; it is being transformed into a quite different *kind* of society—to one in which we have *yet* to learn how to live.

This new society we are entering has been called, by the renowned British Economist Robert Theobald, "The Communications Society": This is a catchy phrase but what does the term really tell us?

It says only that one of the most important features of the coming age is that we can communicate with each other faster and in greater complexity than at any time in history. In the coming world of computers, television, satellite links, laser line video-phones, we can exchange ideas almost as soon as they are conceived. We discover things faster. We tell other people about them faster: and the more we become aware of this world-wide exchange of information, the more we realize the universal ramifications of everything we do.

But telling ourselves that this is a communications society does not, unfortunately, tell us how to live in it; and I would suggest to you, ladies and gentlemen, that one of the main reasons for our current social unease is precisely that we do not and cannot yet know how to live in this new world that is coming upon us at an ever-accelerating pace. All we can see is that the old ways and the old laws do not seem to fit the new needs.

For example, we have seen in very recent times, the problems created by advancing technology in the world of drugs.

In the space of three short years our children learned more about the botany, pharmacology and distribution economics of psychedelic mind-expanding drugs than would have been possible in a lifetime, only a generation ago.

If the game had been played by the old rules, our children would have learned about drugs slowly; and drug abuse would have entered our collective experience at a speed that we could deal with through traditional institutions; from the family, the church and the school to the law. Yet overnight our children know how to use, manufacture, distribute. If we think for a moment, not of the numerous social casualties of this sudden rapid learning experience, but of the survivors, we can see that the laws did not respond to them.

An entire generation of children experimented with LSD, learned from their experience, and largely abandoned it; while we attempted to control their experimentation with laws that were designed for a wholly different purpose: of regulating the manufacture of dangerous drugs by commercial manufacturers.

Already, mind-expansion and the exploration of inner space are entering a new stage. A new generation of young people is beginning to explore electronic methods of self-knowledge and pleasure through bio-feedback training, a technique which presumably allows you to control the state of your health, happiness and well-being. The ultimate possibilities of this type of control being, we are told ‘‘nothing less than the evolution of an entirely new culture where people can change their mental and physical states as easily as switching channels on a television set’’.

Is this likely to create a problem for our society? If it does, our laws have no way of responding to it. There are no precedents and if we allow the laws to adapt at their traditional speed, society will, in all likelihood, have abandoned bio-feedback in favour of something else long before we are ready to respond.

Yet if we acknowledge that new ideas are coming at us at this startling pace, what of the old values? Do they have a place?

I would suggest that our traditional values do indeed have a place; and to ensure that they are not lost, we must make sure that there are custodians of them.

I would suggest that it is our role to be custodians of these values and to find ways of making them available as points of reference in this rapidly-changing world.

But I would emphasize most strongly that I do not believe it is possible, or desirable, to *impose* traditional values on the generation that is entering this post-industrial age.

Our children are undergoing experiences so different from ours that it seems to me unreasonable to suppose that *all* our values will fit *their* situation.

This makes us feel uncomfortable but I do not believe that this need be so.

It is always disturbing when your child comes home and tells you about something you completely fail to understand, whether it is a new system of mathematics or a new attitude to dating.

And as the pace of change increases, we are disturbed more and more; but I believe that we exaggerate our own discomfort because we cling to the past age and we will not admit that the old industrial age is dying.

We felt at home in it; and perhaps we would like to have it remain as it was.

But it will not remain. The change is already upon us and we must regard ourselves as transitional men, not men of the past.

As transitional men we have a place, as a link between the age that is ending and the new and often mysterious one that we are entering.

If the industrial age is dead I suggest that we do not need to die with it.

I suggest that we have a vital task. It is our task to usher in this new era. It is our task to make available, not oppressive, simply available, those traditional values which future generations may need. We cannot choose for them.

Our children have by far the most difficult task. They must build and come to terms with *their* post-industrial age.

But our task is not less honourable. To act as the bridge, may well be the difference between a healthy life or the chaos of the dark ages or the hundred years war.

Our experience may not fit the new world but it is not *completely* irrelevant. Our values will not provide all the answers for the explorers of the communications age but they must not be lost. There must be transitional men to ensure that they are not.

But if we are to make our values available in this new era of technology and rapid flux, we must not be hurt if our values are sometimes rejected.

Older values have always been rejected. In earlier, more leisured days, the rejection took place gradually over a generation or two, or maybe even a century. Now it takes place over breakfast. We may be alarmed but we should not be surprised.

The choice is theirs. This is patently obvious. They are the only ones with a legitimate mandate to make such a choice; and, indeed, have the responsibility, since it is they who must live with the consequences of that choice.

Parents always try to protect their young from what their experience tells them is dangerous. Parental cultures are no different. They also try to protect youthful emergent cultures. But protect from what? The rate of change is so rapid that our experience is of little use if we limit ourselves to issuing baleful warnings of a phenomenon of which we have just become aware and which is already passé to our children.

Rather it is our task and our duty to give them free access to those traditions and values which will help them in their task of survival in the new worlds they explore. Our only fear should be that we have not given freely enough.

Our values are the product of our collective ideas, our experiences and our discoveries. If we consider only the discoveries of science, let us look toward Cape Kennedy and, forgetting for a moment the rockets and the spaceships, let us remember that there are there, more scientists at work at a faster rate than at any time since the world began. Medical, physical and chemical discoveries are being generated at a rhythm almost beyond comprehension; and these new ideas are filtering into our society almost overnight, if we judge the spread by the standards of the past.

But I believe that it is not our role to stand in awe of this new world. It may not be as comfortable for us as was the one we grew up in; but it is the world we are going to have to live in.

I have spent some little time outlining what I consider to be our personal challenge—yours and mine—because by analogy I see the role of the Law Reform Commission of Canada in a similar context. The statute which created the commission charged it with the responsibility of developing "new approaches to and new concepts of the law in keeping with and responsive to the changing needs of modern Canadian society and of individual members of that society." Clearly, to carry on with the *accepted* techniques of law amendment and change in the face of this sweeping mandate would be to completely fail to carry out the responsibilities imposed by parliament.

It would have been nice if we could have operated strictly by precedent and measured modification of those precedents. We cannot: so we must find new methods and techniques to encourage public participation in a continuing comprehensive dialogue involving a reconsideration of our system of values—and thus in some small way facilitate the transition to the new age.

Traditionally, the law and its enforcement machinery has been principally directed towards interests related to economic, proprietary and purported moral values as espoused by the dominant groups in a particular society. We now have the possibly unique opportunity to assist in adapting the social force of the law to the minimum needs of a new society—i.e. to the protection of values concerned with individual dignity and acceptable quality of life standards for all.

This is the challenge which faces us on a societal level—different in scope but not in kind to that which confronts us personally in our individual lives.

If we accept this transitional role, either within the context of the family, commerce or a Law Reform Commission, then certain changes become inevitable.

We must learn to respond more appropriately and we must begin to find ways of testing our traditional values more quickly in new situations to discover whether or not they are relevant.

So we have a choice. To die out with the decaying industrial world which has for the most part served us well, or to take up the new career of transitional men—prepared to play our role in forming the new social conditions which hopefully will be characterized by process and co-operation rather than force and competition.

Earlier I asked you for your help. Unless you and others like you participate in this full-time mid-life career of transition(ism), our children face a probable life of chaos or, with more certainty than I like to think of, no life at all.

I am excited by the future, but I cannot be optimistic unless people like you and I leave the security of our industrial age cocoons and take up the challenge of becoming transitional men.

Few generations in history are privileged to usher in a new age. The hunting tribes who first started farming were one such generation. The farmers first to form a city-state were another. The renaissance commercial giants of Florence, Sienna and the Hanseatic League were another. The great industrialists of Britain's 19th century were another; and now we are challenged, in my opinion, to join these privileged of history. Gentlemen, only together shall we be worthy of our time in history.

Thank you.

Mr. Justice Hartt was thanked on behalf of The Empire Club by Mr. H. Allan Leal, a Director of the Club.

MR. LEAL:

I was sobered, as I am sure you were, on the reports from the latest moon shot by the realization that the human reaction time was simply not capable of preventing the automatic termination of the sequential countdown procedures. No matter how fast human intelligence responded to what was going wrong and no matter how informed it was to take corrective action, that was not fast enough and the machine automatically terminated the countdown until more time could be given to take corrective procedures.

These are some of the things that Mr. Justice Pat Hartt is trying to get home to us—that the greatest reforms that took place in the common law world following the industrial revolution were really given a period of thirty years to adjust. In comparative time terms, we have about three days.

How does one thank a man who is all "heart". The first thing to do is to give him a "pat", I assume. We do thank you most sincerely. Secondly, on your behalf, I bid him to be of good cheer in the presence of his awesome responsibilities. And, thirdly, on your behalf, and not only because he asks it but because nothing else will do, we pledge him our support, we share with him his concerns and it's only fitting that we share his burdens.

My favourite definition of a conservative is "that man who is afraid of doing anything for the first time". Pat Hartt, in those terms, is one of the most radical men I have ever met. He deserves our support and he shall get it and now he takes with him our grateful thanks for appearing here today.

Thank you very much.

DECEMBER 13, 1972

Christmas Luncheon

CHAIRMAN The President, Joseph H. Potts

GUEST OF HONOUR The Honourable W. Ross Macdonald,
P.C., C.D., Q.C., LL.D.,
LIEUTENANT-GOVERNOR OF ONTARIO

MR. POTTS:

Your Honour, My Lord Bishop, ladies and gentlemen, may I extend a hearty welcome to all members of The Empire Club and to their ladies and friends who have gathered here today to help us celebrate our Annual Christmas Party.

This is not a day for speeches.

The Christmas Season is a time for feasting—and we have done that—and a time for friendship and cordiality.

The other evening I returned to one of my favourite books, which was given to me as a Christmas present when I was but a lad—it is entitled *A Christmas Carol* by Charles Dickens.

As my fingers wandered through the pages they uncovered some of those eloquent passages which captivated me when I first read it.

Permit me to recall a few of them for you today.

> "A Merry Christmas, uncle! God save you!" cried a cheerful voice. It was the voice of Scrooge's nephew, who came upon him so quickly that this was the first intimation he had of his approach.
>
> "Bah!" said Scrooge. "Humbug!"
>
> "Christmas a humbug, Uncle!" said Scrooge's nephew, "You don't mean that, I am sure?"
>
> "Nephew!" returned the uncle sternly, "keep Christmas in your own way, and let me keep it in mine."

> ''Keep it!'' repeated Scrooge's nephew. ''But you don't keep it.''
>
> ''Let me leave it alone, then,'' said Scrooge.''Much good may it do you! Much good it has ever done you!''
>
> ''There are many things from which I might have derived good, by which I have not profited, I dare say,'' returned the nephew. ''Christmas among the rest. But I am sure I have always thought of Christmastime, when it has come round—apart from the veneration due to its sacred name and origin, if anything belonging to it can be apart from that—as a good time; a kind, forgiving, charitable, pleasant time; the only time I know of, in the long calendar of the year, when men and women seem by one consent to open their shut-up hearts freely, and to think of people below them as if they really were fellow-passengers to the grave, and not another race of creatures bound on other journeys. And therefore, uncle, though it has never put a scrap of gold or silver in my pocket, I believe that it *has* and *will* do me good; and I say, God bless it!''

And then, when the Ghost of Christmas Present escorted Scrooge to Bob Cratchit's dwelling, we hear the following:

> ''And how did little Tim behave?'' asked Mrs. Cratchit when she had railed Bob on his credulity, and Bob had hugged his daughter to his heart's content.
>
> ''As good as gold,'' said Bob, ''and better. Somehow, he gets thoughtful, sitting by himself so much, and thinks the strangest things you ever heard. He told me, coming home, that he hoped the people saw him in the church, because he was a cripple, and it might be pleasant to them to remember upon Christmas Day who made lame beggars walk and blind men see.''

And listen to Scrooge's entreaty after the Ghost of Christmas Yet to Come had escorted him to the graveyard to view his own tombstone:

> ''Good Spirit,'' he pursued, as down upon the ground he fell

> before it, "your nature intercedes for me, and pities me. Assure me that I yet may change these shadows you have shown me by an altered life?"
>
> The kind hand trembled.
>
> "I will honour Christmas in my heart, and try to keep it all the year. I will live in the Past, the Present, and the Future. The Spirits of all Three shall strive within me. I will not shut out the lessons that they teach. Oh, tell me I may sponge away the writing on this stone!"
>
> In his agony he caught the spectral hand. It sought to free itself, but he was strong in his entreaty, and detained it. The Spirit, stronger yet, repulsed him.
>
> Holding up his hands in a last prayer to have his fate reversed, he saw an alteration in the Phantom's hood and dress. It shrunk, collapsed, and dwindled down into a bedpost.

And finally;

> Scrooge was better than his word. He did it all, and infinitely more; and to Tiny Tim, who did NOT die, he was a second father. He became as good a friend, as good a master, and as good a man as the good old city knew, or any other good old city, town, or borough in the good old world. Some people laughed to see the alteration in him, but he let them laugh, and little heeded them; for he was wise enough to know that nothing ever happened on this globe, for good, at which some people did not have their fill of laughter in the outset; and knowing that such as these would be blind anyway, he thought it quite as well that they should wrinkle up their eyes in grins as have the malady in less attractive forms. His own heart laughed, and that was quite enough for him.
>
> He had no further intercourse with Spirits, but lived upon the Total-Abstinence Principle ever afterwards; and it was always said of him that he knew how to keep Christmas well, if any man alive possessed the knowledge. May that be truly said of us, and all of us! And so, as Tiny Tim observed, God bless Us, Every One!"

There are many traditions associated with The Empire Club. One of the most pleasant of these is the presence of our Honorary Vice-President, the Lieutenant Governor of the Province of Ontario at our Annual Christmas Party. This particular tradition originated on December 18, 1924, when His Honour Lieutenant Governor Cockshutt and Mrs. Cockshutt were present. I would not want you to assume that this tradition has been followed without interruption since that time. However, our distinguished guest today, the Honourable Ross Macdonald and his charming daughter, Molly Haldenby, have established their own mini tradition in that this is the fifth consecutive year that they have honoured us with their presence.

As was once so aptly expressed by our Past President Ian Macdonald:

> "The Queen is the symbolic adornment of our constitutional system, crowning the pillars of our parliamentary democracy."

For that reason alone, as Her Majesty's representative, you have our respect and our loyalty.

But Sir, we welcome you more particularly today because of yourself, your warmth and the depth of your dedication and commitment to Canada and to its institutions.

Ladies and gentlemen, it is now my great privilege and pleasure to introduce our old friend and Honorary Vice-President, the Honourable Ross Macdonald, Lieutenant Governor of Ontario.

THE HONOURABLE W. ROSS MACDONALD:

Mr. President, My Lord Bishop, ladies and gentlemen: Thank you Mr. President for your very kind words. I was going to make that announcement myself, that this was the fifth time I've been here. I am going to add to it that it has been four very happy occasions and this is another one to make it five. And I am grateful to you, Mr. President, and to the Presidents who have preceded you during my term of office as Lieutenant-Governor for your kind invitation. I always find that

I go away from here—well the spirit of Christmas may have been there—but coming here it seems to rekindle it and just light it up and you go out and you have the Christmas spirit and it keeps you going. Just to come here and gather something, gain something of the spirit and you always have that lovely music, I'm looking forward to it. You know it really is a great thing to see this representative gathering and I've no right to speak in this way, to you. Probably I do so on account of my age. The thing is to think of you all here—businessmen, men in public office holding responsible positions, here with your wives and many of you are here with your families. Joe Potts has five of his eight children here today, is it eight or seven, Joe? Oh! seven—well I haven't wished him Happy New Year yet, but this is a great gathering and I wish to compliment The Empire Club of Toronto in keeping up this tradition which has been broken, I think, very few times, Joe, I don't know how many. When the Lieutenant-Governor may have been ill or some good reason why he wouldn't be here. And I wanted to say that I was visited the other day by one of your Past Presidents, Dr. Harold Cranfield. He presented to me in my office in the Parliament Buildings, I was going to say the Government House which is my official office, a copy of the speeches which were made here during the last two years—1970 and 1971 not '72. On the flyleaf they put on, very suitably engraved, "In appreciation of your gracious patronage as Honorary Vice-President and in recollection of your presence on several most enjoyable occasions." Signed Harold Cranfield, President 1970-71. I appreciate having that very much indeed.

Now I heard your President's opening remarks, as you did, which received considerable applause when he said that this was not a day for making speeches and I am in complete accord but I do feel that this year, the balance of this year and next year, is going to be a great year for The Empire Club. On Christmas Day I have official word that the Queen will, and I know we will all be so happy to know, will broadcast, both by television and by radio, her annual Christmas message. I am sure we will all be happy to know that that is to take place and I can picture throughout this land families seeing our Queen with her family delivering a message to us all—in many homes they will stand to attention. I am so happy that she is going to do so this year. And another great event and this especially to the Queen City, the City of Toronto, we are assured now that Her Majesty will visit our city in 1973. Just what the arrangements are, where she will go, that has not been decided but there has been a committee set up to make the necessary arrangements. It isn't going to be an easy task for the Committee because so many people want to see the Queen, just an opportunity of seeing her. And so many organizations would like to have the opportunity of being in her presence at a gathering.

Well, I'm not taking the responsibility, it's being turned over to a committee, a representative committee, who will make those decisions and that's not an easy task. But I know the City of Toronto will give her the greatest reception that she has ever received anywhere in the world. I think Toronto is loyal enough to do that. I am sorry that her visit will not be longer than it is—she was to stay here for one day only—but I feel assured now that she will stay in Toronto for two days. Then she will have another visit to Ontario later on in the year when the representatives of the Commonwealth—Commonwealth which succeeded the Empire—the name which I always honour and I am so glad, it's only my personal opinion, probably a lot of you won't agree with it, I am glad that there is one Club, a strong Club, which is still called ''The Empire Club''. Her Majesty will be here at a meeting of representatives of the Commonwealth which is to be held at Ottawa.

So there are two great occasions ahead of us and the other one of hearing Her Majesty speak. I think that will make us all very happy and I am glad that I am here to celebrate this Christmas Day with The Empire Club.

Thank you very much.

MR. POTTS:

Thank you again your Honour for gracing us with your presence and for those very warm and friendly greetings. It is now my pleasure to present a small token of our esteem to the Lieutenant-Governor's daughter, Molly Haldenby, in honour of the occasion and to thank her for being with us.

I would also like to introduce from the audience our old friend Stanley St. John, who is at the piano each week and is with us here again today and we do appreciate his music on all occasions.

And I'm sure we all enjoyed Pipe Major Ross Stewart —Pipe Major of the 48th Highlanders of Canada.

And a special treat that I wasn't aware of until I arrived today, one of our oldest members, Mr. R. H. Small, who was formerly the Member of Parliament for Danforth, is here with us today and is presently celebrating his 81st birthday. Mr. Small—nice to have you with us, Sir.

It is now my pleasure to observe what has become over the years another tradition of the Club—that is to express publicly to our immediate Past President the sincere appreciation of every member of the Club for the incredible contribution which he made during his tenure as President. I was privileged to serve as Hal Jackman's first Vice-President and know whereof I speak. Indeed, the more I observed him in action the greater my trepidation in contemplating the prospect of endeavouring to step into his shoes.

His performance in every area of the Club affairs was simply outstanding—not only in those areas such as the selection and introduction of speakers, where his superlative accomplishments were obvious for all to see, but particularly in the more mundane areas such as membership recruitment, finances and office administration.

Hal, we are all deeply in your debt and I have the happy honour, on behalf of the Board of Directors and of our entire membership, to present you with this illuminated scroll, signed by our Honorary President and former President, the Governor General of Canada. It reads—

"The Empire Club acknowledges with grateful thanks the services of Henry N. R. Jackman as President during the year 1971-72."

MR. JACKMAN:

Thank you Joe, for your very kind words. At Christmas time one thinks of memories of years passed and I think I can say that one of the fondest memories I have, when I think of the past year, was the opportunity you gave me to be your President, not just because I had you as my Vice-President, Joe, but all the friendships I made with the other directors, the past presidents and the members, and this will always be something I remember and I thank you very much.

MR. POTTS:

Thank you very much, Hal. I would also just like to extend appreciation to three or four people—I apologize for singling them out but I think it is appropriate—Mr. George Stafford who was chairman of the committee organizing our luncheon today, I would like to express our appreciation to George. There are three ladies, our charming efficient Executive Secretary, Eleanor Cook; and two unsung ladies, my secretary, Mrs. Jean Hunt and Bob Armstrong's secretary, Miss Mary Hermaluck.

This year we are delighted to have with us the Chapel Choir of the Bishop Strachan School under the direction of Mr. John Hodgins who will be accompanied on the piano by Mrs. Muriel Collen.

Mr. Hodgins took the Chapel Choir of Bishop Strachan School twice to England and Scotland where they sang at the Coronation, were guest artists on the opening night of the Eisteddfod in Wales and also sang in various English cathedrals.

He was also for nineteen years organist and choirmaster of Grace Church on the Hill and in that capacity he took the choir of Grace Church to England for three weeks to sing in Westminster Abbey. It is my great pleasure therefore to present to you the Chapel Choir of Bishop Strachan School under the direction of Mr. John Hodgins.

It is difficult to contemplate a Christmas Party without music—and particularly without Christmas Carols. Dr. Healey Willan, when speaking to the Club on the subject of 'Christmas Music' on December 19, 1940 described a carol in the following terms:

> "The carol is a song with a religious impulse. It may be the embodiment of piety, and devotion, it may breathe a mysticism only too rarely found today. It may tell the story in ballad form and it may also be hilarious, for we must not forget that the song and dance are closely allied. Wholesome merriment is the logical result of a deeply embedded faith, and seriousness is only sad when it becomes superficial."

MR. HODGINS:

Mr. President, your Honour, my Lord Bishop, it's a great privilege to be here. We are going to sing some of the carols that you don't hear at the department stores—we've been listening to them since November and I thought perhaps that you ought to know that there are other carols as well. I would like to say if you find any fault you can blame part of it on Dr. Peaker at the head table because he taught me a lot of what I know—if anything.

—O Little Town of Bethlehem
—We Three Shepherds
—Whence is this Fragrance
—Bring a Torch Jeanette, Isabella
—Gabriel's Message
—I sing of a Maiden
—Silent Night
—Joy to the World
—The First Noel
—This Little Babe

MR. POTTS:

Thank you Mr. Hodgins and thank you Mrs. Collen and let's hear it for the girls—I believe they are all girls—of the choir, thank you girls—that was in the finest tradition of The Empire Club.

May I also express on your behalf our appreciation, not only for today but I suppose particularly for today, but throughout the entire year, to the devoted and efficient and energetic staff of the Royal York Hotel who meet our requirements so marvelously—Adrien, would you accept that on our behalf?— How they can rise to the occasion is quite outstanding.

Thank you all for being with us. It's been a glorious occasion. May I wish the choir and you and everyone a very Merry Christmas and ask as we count our blessings and contemplate our tasks and responsibilities for the coming year that you all rise and join in singing our National Anthem, O'Canada, following which I would ask all to remain standing while the Vice-Regal Party withdraws.

JANUARY 11, 1973

Enough is Enough

AN ADDRESS BY David Lewis, Q.C., M.P.
LEADER OF THE
NEW DEMOCRATIC PARTY OF CANADA

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

It is my great pleasure and privilege to welcome back to The Empire Club, on your behalf, a great Canadian, Mr. David Lewis, Leader of the New Democratic Party of Canada.

Sir, we are indeed honoured by your presence here today, particularly in view of the fact that you have taken time out to be with us in the midst of the current political turmoil.

When speaking to the electors of Bristol in 1774, Edmund Burke said:

> "It ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents . . . it is his duty to sacrifice his repose, his pleasures, his satisfaction, to theirs; and above all, ever, and in all cases, to prefer their interests to his own."

Sir, we are not all your constituents in the sense that we reside in your constituency of York South but we are your constituents in the sense that we are members of a Club that has provided a continuous forum for men of distinction for almost seventy years and you, a Canadian of great distinction, are, in addition, the leader of a great national political party.

I can say with confidence—a word which is much bandied about these days—that we followed your election campaign with more than just a passing interest. The major objective in a campaign for any political leader—apart from winning—is to make one's own party's issue one of the central issues of the campaign. You certainly succeeded in doing so with consummate success. The corporate bum issue became the rage—I use that word advisedly—even your aircraft was nicknamed "Bum Air". Having regard to the fact that a vote of confidence will be taken in the House of Commons this evening and that your Party now holds the balance of power, there are some who hope that you won't give the present government "a bum steer" whereas others have a passionate desire that you *will* give it "the bum's rush".

Our guest today has indeed, in Burke's words, sacrificed his repose, his pleasures and his satisfaction to the people of Canada. His political prominence did not come easily. He was defeated four times as a candidate before being elected in 1962 only to be defeated again in 1963, but was re-elected in 1965, 1968 and 1972.

He arrived in Canada from Poland when he was twelve and is fluent in both the English and the French language.

He was a Rhodes Scholar, and as such was obliged to attend Oxford University, where he studied law, thus being deprived of the much superior legal education available at Cambridge. He was the first Canadian president of the Oxford Union and served as the National Secretary of the Co-operative Commonwealth Federation for 14 years.

He has carved out an enviable reputation as a lawyer, particularly in the field of Labour Law. A friend of mine, who has been involved with our guest in many labour negotiations, told me recently that, although Mr. Lewis was an extremely tough negotiator, he was never intransigent, and always bargained in good faith. Consequently, he said, it was usually possible to work out an equitable agreement.

Our guest has been active in the political life of this country for almost forty years during which he has pursued his ideals and his principles with a passion forged on the anvil of conviction.

He has been a keen student of, and has cherished, British and Canadian institutions and traditions and has taught us more about them than most of us realize.

Ladies and gentlemen, it is my great honour to present to you Mr. David Lewis, the leader of the New Democratic Party.

MR. DAVID LEWIS:

I was, of course, honoured to be invited again to address this interesting audience of political supporters. I am very grateful to you, sir, for your kind introduction and, if I will not be thrown out for saying so, may I take the liberty of congratulating this Club for having become a Club of the Twentieth Century and being ready to admit ladies as members.

I recall my struggles at Oxford when I was first Treasurer and then President of the Oxford Union about the admission of undergraduates to that august body.

We made progress in this country and Parliament, I have found, is always an interesting place. You people and others may feel frustrated about its mysterious workings, from time to time, with some reason but it is a fascinating forum for the competition of ideas and for the thrust for power. And I suppose you know that at no time were these aspects of our democratic process more striking than in the present parliament.

If I may speak about myself for a moment, Mr. Chairman, having fallen in love when I was only in my teens and having been married for thirty-seven years—to the same companion—may I add—I never experienced the delights and the discomforts of being wooed by more than one suitor at the same time. But I am having this experience now. There have been times in the past when the N.D.P. presence in Parliament was resented by the two older parties. They may still resent us but I am glad to be able to tell you that we don't suffer the psychological wounds inflicted by rejection. Oh no, we are very much wanted, for the time being.

Seriously, Mr. Chairman, in this situation we have two alternatives. As everyone here knows, there is a much wider gulf between us and both the other parties than there is between them. We don't like or agree with either of them or, as I have put it jocularly, we love them both equally. Now the most comfortable role for us would be to bring down the Trudeau government and follow this by bringing down a Stanfield government. We would do both with clear conscience and with some delight. But the consequence would be a barren parliament and another immediate election, which could quite easily result in another minority government. And this road seemed to us unreasonable, unprofitable and pointless.

We have, therefore, chosen the other alternative. My colleagues and I decided to try to help Parliament work in a productive manner. To that end it was logical, first, to give the Liberals an opportunity to govern because they have the most seats and because they are actually the government in place. When, at some point, we find it conscientiously impossible to support a government proposal which it places before Parliament and the present government falls, we have made it clear that we would extend the same opportunity to the Conservatives. I have emphasized that, in our view, a defeat of the present government should not be followed by dissolution. Mr. Stanfield, heading a party which has only two seats fewer than the Liberals, has a right to be given the opportunity to form a government and present his program to Parliament. And I have deliberately emphasized this point publicly more than once in the hope that the constitutional authorities which may have to make the necessary decision will be fully aware of our position.

Now the Tories are, or act as if they are, unhappy about our decision not to support the ritual non-confidence motion on the Speech from the Throne which will be voted this evening. And, Mr. Chairman, I assure you that I made certain, or as certain as it was humanly possible, from those who forecast the weather that I would be able to get back to Parliament in time for the vote or I would not have been here. Now they take that position despite the fact that Mr. Stanfield has said that his tongue is not hanging out for office. I told him in the House of Commons last Monday that, judging from his party's behaviour, his tongue is not only hanging out, it is tearing at the roots. I said to him, have patience, Bob, you may well have an opportunity to do no better than Pierre.

Now we don't intend to be doctrinaire in our attitude. We don't, because we can't expect a Liberal or Conservative government to introduce our program. We hope—perhaps without the help of most members of my gracious audience—to have that opportunity ourselves in the not too distant future. But we do intend to insist in this Parliament on a number of priorities we want it to tackle. Since the election I have set them out quite specifically and they are well known.

I need only summarize them very quickly and very briefly. We would like to see action to whittle unemployment down to a humane and economical level. We want to see tax relief for the ordinary Canadian, the ordinary Canadian family. We want a serious attempt to halt or at least to slow down the cost of living, with emphasis on food. We want to see a substantial increase in the old age pensions and related pensions in our society. We hope that we can persuade the Government to institute a major housing program larger than we had until now, better organized and better planned so that we would end speculation in land and bring lower interest rates on mortgages. We want much more effective measures to check the further foreign domination of our economy and steps to strengthen the western and Atlantic economies in this country.

Now we are determined to seek relief in these areas, if we can obtain it, and because we want to see action on these fronts we do not intend to play any games the Tories may propose. Thus last Tuesday the Conservatives presented a motion to adjourn the Throne Speech debate allegedly to deal with old age pensions. This was a pointless piece of play-acting. They knew perfectly well that there was no pension legislation before Parliament and that their move to adjourn the debate, if adopted, would simply have wasted a day and we would have gone back to it the next morning. Their obvious purpose was to try to embarrass us even if to do so they had to play a hoax on the pensioners. We didn't intend to fall for that or any other ploy. We are, I hope, a little tougher than that.

But neither have we given the government a blank cheque. We are giving them an opportunity to deliver useful policies. If they do, we shall gladly support the policies and the government will continue; if they don't, we shall oppose the policies and the government may fall. I say "may" because at that point the Conservatives will have to decide whether they agree with us.

On second thought I suspect, that whether they agree with us will be an irrelevant question. I suspect that if the Conservatives had to vote for the Communist Manifesto in order to occupy the government benches they would do so with alacrity, even perhaps they did so with some discomfort.

I have said, Mr. Chairman, that we do not intend to be doctrinaire but neither do we intend to retreat from positions which we consider basic to our integrity. And we have made this clear as well. We do not expect a Liberal or Conservative government to implement fully our social ideas but we do not intend to support some policies, particularly fiscal policies and give-away programs which add to the profits and power of giant corporations at the expense of small business and the ordinary taxpayer.

I am sure that with the deafening applause of this audience, I say to the corporate welfare bums, "enough is enough". Welfare is for the needy, not the powerful. The giant, mostly foreign-controlled corporations, have no right to dip into the taxpayers' pockets. Ladies and gentlemen, whether most of you agree with me or not I ask you to think about what I believe—that our society has a distorted orientation in its priorities. They are simply not oriented toward people. We cry out with pain many of us—and no cry is louder than that of the corporate sector—when we talk of making more income available to the farmer or the unemployed or the poor or the pensioner, where is the money coming from everyone asks. But we take it for granted that thousands of millions of dollars over the years in tax concessions and hundreds of millions of dollars each year in grants to corporations are right and good.

And we have developed an economic theory to justify the corporate handouts because we are not willing to admit, as I believe, that the real reason is the corporate power over government in our present society, the visible and invisible ties between the established political instruments and the economic power in the land which finances and supports them. So Ministers of Finance argue that these handouts from the public purse are necessary to encourage research and development, to seek and exploit our natural resources, to create jobs. But they give these concessions and handouts to corporations with little control as to how they may be used and without any overall plan or economic goals for society as a whole.

Mr. Chairman, ladies and gentlemen, I reject these theories. The corporations spend a great deal of money and effort to promote the myth of so-called private enterprise. But they insist on having the public purse as a silent contributor, so long as the direction, objectives and profits remain in their private hands. Take the oil industry as an example. It has been the recipient of the largest part of the tax concessions and loopholes over the years. Every oil company has gone through years where they paid no income tax despite huge profits and even larger net earnings. Every oil company in the country has a huge reserve of what they call ''deferred taxes''. Concessions to them by the people of Canada have been immense but the moment they find that the shortage of fuel in the United States ups the price in that country, they increase the price for Canadian consumers as well without regard to the responsibility which they have to the Canadian society and to the Canadian taxpayers who gave thousands of millions of dollars to them to develop and exploit our oil resources and to fatten their profits over the years. And I remind you that these oil companies are not only not Canadian, they are not even really American, British or Dutch. They are corporations that control almost all the oil reserves anywhere in the world. They have no responsibility to the people of Canada who have given them the concessions and the resources to exploit. And this I say to you is precisely what happens almost all the time.

Therefore, I reject these theories, and I reject them not only because I believe them to be socially undesirable but also because they have not worked in practice. The concessions and handouts continue and unacceptable unemployment continues. Indeed, I believe strongly that they help promote unemployment. They make the use of machines much more attractive than the use of labour. They distort our investment program and investment pattern toward the capital intensive resource industries. They encourage and assist the expansion of foreign control over our economy.

Let me remind you that the Gray Report contains an interesting—a most interesting bit of information. It shows that 44%, note this very carefully, that 44% of the funds used for the expansion of foreign-controlled firms in Canada from 1960 to 1967 were obtained through accelerated capital cost allowances 44% of the funds they would use. And I simply ask, how much longer are we going to offer foreign-controlled firms the means to buy us out with our own money? How much longer can we remain a really independent nation under these circumstances? Of what long-run value is it for our working people and for future generations of Canadians?

I am fully aware—of course, I am fully aware of the fact that there are Canadians who do not accept our reasoning. Who knows, there may even be some in this room. But I am certain that more and more Canadians are beginning to question the dogmas by which they have been intimidated for so many years.

Indeed, I was interested to note recent statements by important spokesmen for business interests in this country. Mr. Daniel Sprague, the President of the Canadian Manufacturers Association, said in Victoria in November that it was debatable whether such government assistance programs as DREE are the solution to regional disparities. I am not sure that Mr. Sprague would accept our alternatives, but his statement is nonetheless significant.

And even more specific in his comment last September was M. Jean des Rosiers, President of La Chambre de Commerce du District de Montréal and he said, and I quote: " . . . by laziness, conservatism and letting things go, they (top management) will wind up qualifying for grants to maintain competitiveness artificially; other grants under the category of new job creation to take back personnel they laid off six months earlier; still more grants every time they threaten to close down.'' That's the end of the quote.

No doubt this sharp criticism does not derive from the same premises as mine nor is it likely to be directed toward the same ends, but what M. des Rosiers said is perfectly true. The handouts, the maze of programs to hand out money to corporations for one reason or another is just almost unimaginable until you study it in detail and these remarks are therefore relevant to the present situation. When I said this during the election campaign there were people across the country who shouted the New Democratic Party, David Lewis, are opposed to every attempt to assist industry. That is not so and I tried to make that clear. I want to tell you that the New Democratic Party unequivocally accepts that there are areas in business where public assistance is necessary, indeed essential. In an economy dominated by giants, the smaller business cannot survive without consideration in the tax system and without help in acquiring investment capital. The same is true for the young Canadian wishing to acquire a farm large enough and with the modern equipment necessary to give his family security.

And we recognize the fact that economic development in the disadvantaged areas of Canada requires large-scale assistance from the public treasury. The simple fact is that private enterprise cannot be relied upon to develop these areas. It has failed to do so in the past; it will undoubtedly fail to do so in the future. The ordinary criteria applied by corporations inevitably, and I don't blame them for it, their ordinary criteria of profitability are by definition absent in these regions. New criteria have to be applied, social criteria the goals of building viable communities and of developing economic activities suitable to the locality and its people.

Thus, instead of opposing assistance to business in the right way, to small Canadian owned business and assistance to areas that require economic development, we urge an increasing role for government in the economy and a large and co-ordinated program of assistance to small, Canadian owned business.

But the wasteful concessions to the large foreign corporations in this country and the pattern of handout programs from which they benefit have proven to be futile. They don't need them and they are a burden on the ordinary Canadian that he should not have to carry. They represent, in my view, distribution of income in the reverse from the ordinary working Canadian to the powerful and wealthy corporations. That's what we've been indulging in in Canada for some years.

Now, Mr. Chairman, ladies and gentlemen, I do not pretend that the N.D.P. could immediately solve the problems of unemployment or that of regional disparity. Nor do I pretend that we are not as capable as anyone else of making mistakes and if I did you wouldn't believe me and you would be right. There is a habit in certain circles to point a finger at us in the New Democratic Party and accuse us of being self-righteous and arrogant because we reject the conventional wisdom. I often think to myself if Trudeau says he is competent to run Canada, despite four and a half years of failure, the Liberals applaud, almost without shame—not quite but almost. When Stanfield boasts that he more than anyone else can manage our society, despite the dismal record of the last Conservative government and his own rather uninspiring record as Premier of Nova Scotia, the Conservatives applaud and they call their chief humble. But if Lewis suggests that his party has better answers than either of the others, then he is labelled as arrogant. Well, all I can tell you is that I am not intimidated by this attitude.

Mind you I realize that the difference between the leaders I have mentioned and myself is that I can document their failures but they can't yet document mine.

Well I want to tell you, therefore, Mr. Chairman, ladies and gentlemen, that it is in good and determined spirit that my colleagues and I sit in this Parliament of minorites. There isn't any turmoil in Parliament, Mr. Chairman. Everybody acts like a quiet lamb. It is a little uneasy from time to time, and for us it is sometimes a little uncomfortable. But it is a good Parliament. It is our conviction that minority government can work well, indeed a great deal better than insensitive majority government. I draw to your attention that including the last election we have had in the past fifteen years, five minority governments and only two majority governments. And I am convinced that any objective study of the work and accomplishments of the Diefenbaker majority and the Trudeau majority will prove that the previous minority governments were a great deal better. Why? Because no longer can decisions be made with the arrogance and insensitivity without regard for other opinions or the people's wishes. When you are in a minority you have to listen to everyone and you must consider everyone. You can't just do as you please. And that, I say to you, is good for democracy.

There has been a lot of stuff in the country that we are taking our position because we are afraid of an election. Mr. Chairman, ladies and gentlemen, I am not going to say to this audience, or to any other audience, that I'm not aware of the difficulties our party finds itself in an election where there is a tremendous cry for majority government. We know that and we are apprehensive about it. But I don't want you to make any mistake, that's not the reason for our action because we would be faced with exactly the same problem two months from now, six months from now, eight months from now, ten months from now. That problem doesn't disappear in a day or two. It will be with us whenever the next election comes.

And we are, because we don't use very much money and because we don't have (I shouldn't mention this should I, Mrs. Scrivener) we don't have a bagman going around to corporations, Fidinam and the like, and because all our constituents, almost all of them, constituencies almost invariably end off in debt at the end of the election. All our local organizations are always involved in various moneymaking engagements, not to pay for the next election but to pay for the last one. Sometimes for the last two elections. Because of all these things we are ready to go to the country whenever that becomes necessary. And we have reason, I think we have good reason, to be confident about our position in the country.

We have now across Canada some 17, 18, 19, 20 percent of the vote which is with us almost in any circumstances. We are therefore not afraid. But we say that in the meantime, before the next election comes, we have a duty, we have a responsibility and we are determined to make the Parliament which the people have elected serve their interests. This is why we want to give the present government an opportunity to deliver and why we would and, if events so transpire we will give a Conservative government the same opportunity. In short, I say to you, Mr. Chairman, ladies and gentlemen, and I hope you will approve, that our policy, to use a commercial term, in this Parliament is C.O.D. Our votes can be collected only on delivery.

I was pleased at this opportunity to say these few words to this audience with some hope that I may persuade a few people to agree with me but really because of the attention I have always received when addressing this Club and the knowledge that there are many people in this room who may in fact have more power in this country than a Member of Parliament, the Leader of a Party and, perhaps, even the Leader of a Government. Thank you very much.

Mr. Lewis was thanked on behalf of The Empire Club by Major A. J. Langley, a Past President of the Club.

MR. LANGLEY:

You know, Mr. President, earlier this week one of Toronto's journalists reported that our guest had given quite a remarkable performance in the House justifying his Party's position during his address in reply to the Speech from the Throne. You may know that the rules allow Mr. Trudeau and Mr. Stanfield unlimited time for their replies but, unfortunately, Mr. Lewis was allowed only thirty minutes. I gather from the report that in that brief time, alternating as far between one major party and the other major party, he is reported to have shown and I quote " . . . that he wasn't a nearly dead mouse being toyed with by the Liberals but actually a rather healthy tiger."

Well, whatever our political stripes are, Mr. Lewis, and although we have seen something of the tiger's claws today, we have also seen that wit, and that clarity and that sincerity for which this tiger is so famous.

Actually, Mr. Lewis, you have helped us set a record today. You are an old friend of The Empire Club and you probably know that we have been addressed in our history by almost every conceivable type of prime minister you could possibly imagine. Hosts of us aspiring prime ministers of every political stripe and I'm sure you would want to be included in that number. All types and sizes and stripes of serving prime ministers and certainly a great many distinguished former prime ministers. But if you believe another one of our journals of a day or two ago, this is the first time that we have in this delicately tuned and finely balanced state of affairs been addressed by a de facto prime minister.

Now, if you will permit me, sir, to appropriate that lovely phrase you used of "enough's enough", but in this sense, that certainly in our experience over the years with your friendship and your standard of eloquence and your kindness and generosity of giving of your time and talents to come and visit The Empire Club on many occasions, perhaps enables me to best express our thanks to you by saying that enough's not enough of David Lewis and we hope you will be back again soon.

JANUARY 18, 1973

Inter-Provincial and Federal-Provincial Relations

AN ADDRESS BY The Honourable Robert Bourassa,
M.N.A., L.L.M., M.A.,
PRIME MINISTER OF QUEBEC

CHAIRMAN The President
Joseph H. Potts

MR. POTTS:

Mesdames, messieurs, c'est avec plaisir que j'ai le grand privilège de souhaiter la bienvenue, de votre part, à un grand Canadien, le très honorable Robert Bourassa, Premier Ministre du Québec.

Sir, let me assure you that we welcome you here today not merely in a ritualistice or in a formal way.

Your visit to Toronto is really quite an event—a highlight of our winter season. Even the *Globe and Mail* awoke from its slumbers this morning with your picture on its front page proclaiming to Torontonians—Like Wow—Robert Bourassa, the Prime Minister of Quebec is in town. Your welcome is also evident by the size of our audience today—thanks to the hotel management we were able to move the luncheon from the Ballroom to here in the Concert Hall in order to accommodate everyone.

We are quite simply delighted that you have honoured us with your presence.

Let me go further and say that we consider your presence here today to be of the utmost importance not merely to this Club, this City or this Province, but to Canada itself.

As your predecessor, M. Lesage, said, when addressing the Club in 1964:

> ''For the pace of evolution seems to be so quick—changes seem to be taking place so rapidly—that it is not enough for us merely to pause, take a deep breath and re-assess the situation, but we must also explain these changes not only to our people but also to their fellow citizens of the other provinces.''

We have all had the opportunity to see and to hear you on television and to read about you in our newspapers and periodicals. However, there really is no substitute for meeting you personally and for hearing you without benefit of the air waves.

Perhaps you will pardon, at this juncture, some personal observations and recollections. The first time I encountered Canadians speaking French was at a Boy Scout Jamboree at Fort Qu'Appelle, Saskatchewan, my home province. The next occasion was on a troop ship out of Halifax in 1944. Then at a student summer conference at McMaster University in 1947. I was particularly privileged because these experiences gave me the opportunity to appreciate the bilingual nature of our Country and the beauty of the French language. Indeed, I was almost jealous of my compatriots de la ''langue française'' and I was determined to gain some proficiency in speaking and in understanding the language. Accordingly, I enrolled in a French summer school conducted by the University of Western Ontario in the picturesque village of Trois Pistoles located on the St. Lawrence River, east of Quebec City.

Each student was obliged to undergo an oral test in order to determine his or her degree of proficiency in French following which the student was allocated to the appropriate class.

When I arrived for my test, the French Professor said: ''Asseyez-vous, M. Potts.'' I understood this without too much difficulty and I sat down.

Then he said: ''Et M. Potts, de quelle partie du Canada venez-vous?'', to which I replied without a moment's hesitation: ''Le parti Liberal—Monsieur!'' (Premier Davis interjected and said "that was your first mistake, Joe".)

Needless to say I was placed in the beginners' class.

The Empire Club, for almost 70 years, has provided an opportunity for the citizens of Toronto to see and to hear men and women of distinction discuss subjects of vital interest to Canada and its place amongst the nations of the world.

On March 3, 1904, three months after The Empire Club was founded, The Hon. L.P. Brodeur, Dominion Minister of the Interior, addressed the Club and said:

> "No matter how desolate or sterile, no matter how situated—at the frozen Pole or near the Torrid Line—a man's best country ever is his home. Hence it is that the Canadian, and especially the French-Canadian, finds in Canada all that is needed to awaken the love of country and to stimulate his patriotism. It is the land discovered by his ancestors, colonized and civilized by his forefathers; and its traditions, its memories, its scenery, its historical associations, all tend to make him feel that it is the land of his birth, of his heritage, and the land which will contain his own ashes and be the pride and legacy of his children."

Our members will be interested to know that our guest is the sixth Prime Minister of Quebec to address us, having been preceded by M. Taschereau in 1922, M. Godbout in 1940, M. Barrette in 1960, M. Lesage in 1964 and M. Bertrand in 1969.

Our guest, M.Bourassa, graduated first in his class from the Law Faculty of the Université du Montréal in 1956, winning the Governor General's Medal and was admitted to the Quebec Bar in 1957.

He subsequently was awarded a Master's Degree in Political and Economic Science at Oxford University in England, and studied Public Finance and Corporate Law at Harvard. From 1960 to 1963, he was fiscal adviser to the Department of National Revenue and taught Economics and Public Finance at Ottawa University. From 1963 to 1965, he was Secretary and Director of Research of the Belanger Commission on Public

Finance. M. Bourassa then acted as special adviser to the Federal Department of Finance on fiscal and economic matters and was elected Member of the National Assembly of Quebec for Mercier at the 1966 general election.

He was elected Leader of the Quebec Liberal Party three years ago yesterday and was sworn in as Prime Minister of Quebec and Minister of Finance on May 12th, 1970.

Mesdames et messieurs, c'est vraiement un honneur de vous présenter L'Honorable Robert Bourassa, Premier Ministre de la Province du Québec.

THE HONOURABLE ROBERT BOURASSA:

Mr. Chairman, Ladies and Gentlemen, distinguished guests, my dear colleague, Mr. Davis:

I would like to thank you very much for your warm words to me. The last time I came here, it's about a year and a half ago, and it is with great pleasure that I am coming back today. Since that time, of course, some events did happen. Mr. Davis was re-elected as Prime Minister with a clear majority which can be appreciated these days when we look what's happening elsewhere.

In the Province of Quebec, obviously, we have improvements, substantial improvements in the social climate. As I said yesterday to a group of businessmen, we have less than 900 people now who are on strike. As to the economic situation, we have the best economic year in 1972 since five years with a substantial rate of increase and investment. Politically we have two by-elections which did demonstrate clear and strong confidence in the federal system and also, I suppose, support for my government.

Nous avons eu également depuis quelques jours, un rapport très important sur la situation linguistique du Québec, le Rapport Gendron, qui permettra au Gouvernement du Québec d'avoir, avec tous ses éléments d'information et ses recommendations, une politique aussi complète et réaliste que possible dans cet important domaine.

There are three reasons why I would like to speak to you today on the question of relations between the Canadian provinces. First of all, this is a topic which is most interesting for Québec, given its particular situation within Confederation. It also seems important to me to deal with this question at a time when the Federal Government announces its intention, as was shown in the Speech from the Throne a few days ago, to begin consultations with the provinces on many questions, namely those where there is joint or concurring action from the two levels of government. Finally, it seemed appropriate to discuss this topic with you because we have recently witnessed a renewal of interprovincial relations in Canada.

Relations between provinces exist since 1867. The first Intergovernmental Conference was not as one might have thought, federal-provincial, but interprovincial. Many reasons led Provincial Prime Ministers to meet at that time. The most important, without a doubt, was strong provincial opposition to centralizing federal policies; provinces complained mainly of the absence of adequate consultations between the provincial and the federal government, consultations which should have allowed them to discuss with the central government questions of common interest, and to influence certain policies which were of importance to them.

Provincial leaders took an autonomist stand, as they were opposed to the supremacy exercised by the Federal Government.

The first federal-provincial conference was not held before 1906. It was called by Sir Wilfrid Laurier in order to study recommendations of the second interprovincial conference of 1902.

Other conferences were held in the following years. But it is surprising to note that, although federal-provincial conferences were held quite regularly, mostly after the late twenties, there were no interprovincial meetings of Prime Ministers between 1926 and 1960, in spite of the fact that some provincial ministers met to discuss specific topics.

1960 marked the beginning of a new era in intergovernmental relations. Mr. Lesage, then Prime Minister of Québec, underlined the fact that federalism, as a political system where legislative powers are divided between two levels of government, had to be based on both federal-provincial and interprovincial consultation. He therefore called a meeting of his provincial colleagues which was held in Québec City, in 1960. In the joint statement that was published at the end of the conference, one can read: "We have come to the conclusion that there exist a great number of matters whose interest is purely provincial or interprovincial and which in no way reacts in the field of federal-provincial action and collaboration. It is to this category of subjects that this conference intends to concern itself exclusively."

Provincial Premiers then decided to meet annually and frequently and I certainly can say that Mr. John Robarts played a very positive role in those conferences. The early sixties thus saw a new era of interprovincialism at the prime ministerial level. However, in spite of the fact that, since 1960, provincial leaders meet annually, federal-provincial relations took the front stage in the late sixties, with the predominance of constitutional revision proceedings in intergovernmental relations during that period.

We are now, however, witnessing a renewal of interprovincial relations. Provincial Premiers met in Halifax in 1972. This conference, one of the most important of the last few years, allowed Premiers to exchange views on many questions of common interest. The Premiers also adopted quite a number of resolutions concerning notably communications, financing of post-secondary education, municipal affairs.

Other meetings followed the Halifax Conference and studied such questions as Finance, Education and Health.

May I simply mention the meeting of Social Welfare Ministers which was held last November in Victoria, where ministers present declared their agreement on the objectives of a general income security policy and the fact that "initiative in such programs must be left to the provincial jurisdiction, regardless of methods of financing".

We all realize now with the rate of unemployment on one side and with the great number of available jobs on the other side that there is something that has to be done with many laws, both provincially and federally. There is certainly the need to create an incentive to work and respecting the freedom of the individual.

Et c'est pourquoi les propositions que nous faisons constamment depuis deux ans, ont pour but principalement de moderniser toutes ces lois sociales et d'assurer une collaboration beaucoup plus efficace et beaucoup plus ordonnée, entre les programmes fédéraux et les programmes provinciaux.

Alors que des sommes de plus en plus considérables, qui se chiffrent à des millards de dollars, sont distribuées par les différents niveaux de Gouvernement au Canada et dans les provinces pour fair face aux besoins sociaux de la population, il est absolument certain et indéniable que les gouvernements doivent collaborer, et que les provinces qui sont très proches des individus, doivent avoir la primauté sur la conception de ces programmes. C'est la raison pour laquelle nous insistons tellement dans les propositions que nous faisons au Gouvernement Fédéral pour avoir cette coordination des programmes.

In the last few months, relations between provinces, while becoming more frequent at the national level, also increased at the regional one.

In this respect, one can refer to the recent creation of the Prairie Premiers Committee and to the several meetings of the Maritime Premiers. One should also take into account the 1972 meetings of the joint committee on mineral resources, whose goal is to develop and implement a common approach to the problem of off-shore mineral rights in the Gulf of Saint-Lawrence and on the Atlantic Coast.

At the regional level, relations between Ontario and Québec have also increased.

The Prime Minister of your province and I have had several meetings, since last summer, where we discussed numerous questions, notably the problem of tax sharing. Mr. Davis and I reaffirmed the necessity of finding a new tax sharing system which would take into account the responsibilities and the financial status of the provinces. Meetings have also been held at the ministerial level.

Activities deriving from the Ontario-Québec joint agreement have been increased and extended to many fields. They are an eloquent example of the interdependence which exists between our provinces and of the necessity of a meeting of minds on questions of common interest.

I believe that we have now the strongest case we ever had for additional resources for provinces. We can give many reasons among them. We can give the fact that the provincial expenditures increased in the last five years much more, almost fifty percent more, than the federal expenditures. We can give also the example that the provincial revenues, on the other hand, increased much less faster than the federal revenue.

Mr. White, the new Minister of Finance, said this morning that the rate of increase in the first nine months, if we compare the year 1972 with the year 1971, said that the rate of increase of federal revenues of personal income tax was 27 percent.

We all know that the elasticity of personal income tax when there is a situation of inflation is very high. It is much more than the rate of increase of the G.N.P., perhaps 1.6. When we realize that the federal revenues rely mainly on personal income tax, we can see the great financial advantage they have in having personal income tax as one of their main revenues.

But we have also to realize the fact that it is the case of the municipalities that the help that should be given to the municipalities is clearly under the constitution a provincial matter. But we also note that the rate of increase of revenues from municipalities is very low compared with the rate of increase of personal income tax and that the elasticity of their revenues like property tax is somewhat below the rate of increase of the G.N.P. Therefore, there is a disequilibrium between the various levels of government. And it is evident and certain and real that the provincial governments which have increasing social and educational responsibilities which have also the responsibility of giving financial resources to the municipalities should have much more additional resources than they have now, especially when you consider that in time of peace the federal responsibilities are increasing much less than the provincial responsibilities and that, on the other hand, they have revenues which increase by the amount of 27 percent.

Personally, I think that if provinces have been working together for some time, it is not only as a reaction to federal encroachments but mainly because they are not sufficiently consulted by the Federal Government in its decisions. Speaking more specifically as Prime Minister of Québec, I would add that it is extremely important for the future of the federal system in Québec that there be developed a type of federalism based on mutual comprehension and on the respect of the authority of all levels of government.

Provinces are thus brought to work together not only as a reaction to the absence of federal-provincial consultations, but their own interprovincial collaboration will also incite the Federal Government to be more responsive to their needs and priorities.

It is in this way that interprovincial relations lead to federal-provincial relations.

How could it be otherwise, at a time when many governmental policies deal in matters not mentioned in our constitution; the multiplicity of undefined or ill-defined legislative powers also underlines the necessity of intergovernmental consultation.

It is clear that the grey sectors, which will exist in all constitutions whatever the action we are taking to improve the constitution, and the fact that there is much increased intergovernmental intervention, justify the necessity for this consultation.

Il n'y a pas de doute que dans la situation actuelle, où nous avons ces zones grises, qui sont inévitables dans n'importe quelle constitution, que c'est le gouvernement qui possède le plus de moyens financiers qui se trouve à avoir le plus de possibilités pour intervenir et pour faire sentir son poids, au détriment, souvent, d'un fonctionnement souhaitable d'un véritable régime fédéral.

Also, due to the increasing interdependence of phenomena and problems in our time, one must recognize that the actions of one government will generally bring repercussions on those of another.

It is in this perspective that we read with interest, in the recent Speech from the Throne, that the Federal Government has the intention of initiating in the near future consultations with the Provinces.

In our opinion, the next interprovincial meetings, at all levels, should be considered in the context of the federal-provincial conferences announced in the Speech from the Throne and defined yesterday by Mr. Trudeau in his letter to provincial leaders.

It seems that this Federal Government is inclined to take a course in which federal-provincial consultation will be of extreme importance in the next few months.

There will first be many meetings at the ministerial level, where discussions will be held on many topics as housing, financing of post-secondary education, communications, economic and financial policy, industrial policy and health and income security programs.

The most interesting aspect is without a doubt the fact that, following these sectorial consultations, the Prime Minister of Canada proposes a meeting with the Provincial Prime Ministers next May, with the view of harmonizing, in the interests of all Canadians, objectives, policies and programmes, particularly in those fields which imply the action of both levels of government.

All Provincial Prime Ministers welcome such a conference, I am sure. First of all, in proposing that the Canadian Prime Ministers try to conciliate objectives, policies and programmes which concern both levels of government, the Federal Government clearly acknowledges the fact that no government in this country should act unilaterally, without worrying about the programmes of other governments, and this, not only in the interest of governments but mainly in that of tax-payers.

The next conference of Canadian Prime Ministers should also concern itself with the important questions which the eleven Canadian governments have to face at this time.

The streamlining of federal-provincial relations announced in the recent Throne Speech implies for all provinces an imperious necessity for interprovincial dialogue.

The questions which we, who are responsible for provincial action, must face are the following:

Must we, as was generally the case in the past, continue to plan for federal-provincial meetings in a parallel way, if I may use that expression, ignoring one another until the time when we are called to outline, at the conference itself, our own respective points of view on the items which appear on the agenda?

Will we continue to define objectives, policies and programmes based on regional perceptions which we can have within the boundaries where our action must necessarily limit itself?

Must we continue to limit ourselves to explaining within Canada the opinion of the regions which compose it or must we ask that the Federal Government take those regions into account in its own programmes?

These few questions lead us to the conclusions that a conference of Prime Ministers such as the one envisaged in the Speech from the Throne gives us a clear choice:

Either we will continue to ignore the necessity to discuss between ourselves, in an open and realistic dialogue, conflicts of interest which can divide us; consequently, the Federal Government will limit itself to the arbitration of these conflicts.

Or we will assume our responsibility as members of the federation and, in the same fashion that the Federal Government suggests an open discussion of all questions of common interest, we will begin, for our part, a comparable dialogue between provincial governments, not only on questions which unite us, but also on those which can divide us.

As for me, the choice is clear. We must have the courage to begin without delay that interprovincial dialogue which is implied by the federal-provincial discussions suggested by the Throne Speech.

Federal and provincial governments must build our country together, for this country will not be built by an ubiquitous or encroaching Federal Government, nor will it be built by provincial governments withdrawn in their regionalisms.

It will be built by the joint actions of all governments in a truly federal Canada.

I want to thank you very warmly for your reception. I realize today that you decide to end your winter for my visit. Of course, I cannot do the same if you come at this time in the Province of Quebec but I can tell you that you will be always very much welcome if you come. Thanks very much.

M. Bourassa was thanked on behalf of The Empire Club by Colonel E.A. Royce, a Past President of the Club.

COLONEL ROYCE:

Some years ago I was skiing in Switzerland and had occasion to have a drink at the bar afterwards when I found myself sitting beside a girl who I knew to be from Paris. I engaged her in an impeccable French conversation. She turned to me after a short interval and said in perfect English ''If de Gaulle could hear you speaking French he would shoot himself.'' My remarks today will be in English.

The importance of a close relationship between Quebec and Ontario have been recognized for many years. Mr. Frost, Mr. Robarts and now, our own Mr. Davis, have made it one of their major acts of faith, as it were, to cultivate this because nothing is more important to Canada today than such a relationship.

The excellent speech made by Mr. Bourassa has brought us up to date on some matters that cause us a good deal of concern and we must continue to be concerned with this, in the interest of all of us.

Mr. Prime Minister, I am sure everyone present will join me in thanking you most sincerely and wishing every success, and this is French, to La Belle Province.

FEBRUARY 1, 1973

Distribution of Income in Canada

AN ADDRESS BY André Raynauld,
DR. de l'U., F.R.C.S.,
CHAIRMAN, ECONOMIC COUNCIL OF CANADA

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

Mesdames, messieurs, c'est avec plaisir que j'ai le grand privilège de souhaiter la bienvenue, de votre part, au Dr. André Raynauld, le Président Conseil Économique du Canada.

It has been said that if you want economy never let an economic question get into politics. Even if, for the purpose of discussion, one assumes that this proposition is valid, which is a rather large assumption, there can be little doubt but that, as a social objective, it is quite unrealistic and impossible of fulfilment. Economic questions, particularly today, are inextricably entwined with politics.

It does not follow, however, that economists as such cannot maintain a respectable and healthy degree of independence from politicians.

Sir, during our current season, we have had a fairly healthy diet of politicians, including the leaders of all four national parties, two provincial Premiers and three candidates for the position of Mayor of the City of Toronto.

Today, we are delighted to welcome you—our first economist of the season—pure, unsullied and independent—in the political sense.

Economics is by no means a new profession yet I think it fair to say that it is only relatively recently that Economists have come to be recognized and accepted by the general public.

This would appear to be true insofar as The Empire Club of Canada is concerned. The word ''Economics'' does not even appear in the subject index published in 1953, which included all addresses to the Club during its first fifty years of existence.

Needless to say there were many speakers, during the course of those fifty years who discussed economic questions, including Stephen Leacock.

However, the heading ''Economics'' first appeared in the subject index published in 1963. Included were references to addresses by Dr. Arthur Smith entitled ''Some Questions about Economic Planning in Canada''; and by Dr. Walter Heller, entitled ''Our Economic Prospects and Policies''.

The Club has redeemed itself to a considerable extent in recent years having been addressed by many distinguished Economists, including Ludwig Erhard, Harry Johnson, Paul McCracken, John Young and one of our guests at the head table today, Bob MacIntosh, who is also renowned as the Chairman of the Board of Governors of York University.

We are all subject to economic pressures these days—the cost of living, employment, taxes, etc., but sometimes we allow these pressures to be carried to extremes.

For example, I recently heard of a man who was engaged in negotiating a very important contract. On the day when he expected to successfully conclude the negotiations he learned that the other party, Williams by name, had suffered a heart attack and was in hospital in the intensive care unit. You can imagine his frustration!

When he advised his partner who was to meet with Williams that day, that he would not be able to do so his rather overzealous partner replied ''Certainly I can. I'm going to the hospital to pull off his oxygen mask and pinch his intravenous tube and then he will know that the pressure is on!''

Judging by the accomplishments of our distinguished guest, he must have been subjected to a few pressures, economic and otherwise, in his day, but undoubtedly he never reacted in such a frenetic fashion. Our guest has a distinguished academic record having received his Master's Degree from l'Université de Montréal in 1951 and his Doctorat de l'Université de Paris in 1954. He was a Professor of Economics at l'Université de Montréal and a Visiting Professor at the University of Toronto; President of the Canadian Institute of Public Affairs; Economic Adviser to The Royal Commission on Bilingualism and Biculturalism; Member of the Board of Directors and Executive Council of the Canadian Broadcasting Corporation; Economic Adviser to the Deputy Minister of Finance of Canada and Président de la Société Canadienne de Science Économique.

In his spare time he has written many learned books and articles. A member of the Royal Society of Canada, he was appointed Chairman of the Economic Council of Canada on January 1, 1972, having formerly been a member of the Council.

Dr. Raynauld is the third Chairman of the Council, which was established in 1963 ten years ago, to take a look into the medium—and longer—term future with a view to clarifying some of the goals and objectives which we, as Canadians, ought to set for ourselves, as well as to assess how the economy was progressing towards goals of these kinds and to consider what kind of decisions and policies would facilitate the maintenance of sustained progress towards our basic economic and social goals.

Dr. Raynauld, we are indeed indebted to you for having taken out time from your busy schedule to speak to us today.

Mesdames, messieurs—c'est vraiment un honneur de vous présenter—Dr. André Raynauld, le Président, Conseil Économique du Canada.

DR. ANDRÉ RAYNAULD:

Merci beaucoup, monsieur le Président, chers collègues du Conseil Économique du Canada, Ladies and Gentlemen:

Today I propose to reach beyond everyday preoccupations, and talk to you about a subject as old as the hills, social equality.

Social equality is alway topical! It is an ideal that has been aspired to by people in all walks of life, and for centuries it has been supported and promoted by reformist movements of the intellectual elite.

However, equality does not mean the same thing at different times. It is constantly taking on new forms, as societies evolve economically, socially, and technologically. It is axiomatic that such an issue be re-examined periodically, in the light of current developments. I intend to do just that during the following few minutes.

When I speak of "social equality" here and now, I am speaking of income equality. History shows that the distribution of incomes is closely associated with the degree of development of an economy. In developing countries, inequality is far more prominent than in the developed ones. The reason is that industrial revolution means change, and change generates insecurity and risk. As a necessary compensation, the range of incomes widens. The close relationship with stage of development seems to hold true for all economic systems. In countries that have reached a similar stage of development, labour incomes are in fact distributed in approximately the same way.

As will be readily appreciated, international comparisons can only be made in the broadest of terms. Although we must be aware of the dangers involved in making such comparisons, nevertheless, some useful analysis can be undertaken.

A common way of examining the pattern of income distribution is to arrange the population into classes from lowest to highest incomes, and look at the share of total personal income accruing to each class. In Canada, the most recent study shows that the 20 per cent of family units at the lowest end of the income scale receive 4.3 per cent of total income. And half of the 4.3 per cent is in the form of government transfers. At the other end of the scale, the richest 20 per cent of family units receive 45 per cent of total income. In the United States, incomes appear to be somewhat more equally distributed than in Canada. Corresponding figures for that country are 5 per cent of income for the lowest class of family unit, and 41 per cent for the highest class compared with the 45 per cent that I have just mentioned.

In an article published by *Fortune* magazine in December 1972, income distributions are compared internationally by using Gini coefficients. These are numbers ranging between zero and one, which indicate the degree of equality of distribution. On this scale, zero represents complete equality, and one represents complete inequality (that is, all the income flowing to one person or one family). For most industrialized countries, the coefficient is between .35 and .50. It is below .40 in Canada, the United States, the United Kingdom and Australia, between .40 and .50 in West Germany and The Netherlands, and a bit over .50, or the halfway mark, in France and Sweden.

Another recent comparison on income distribution between Poland, the United Kingdom, the United States, and the U.S.S.R. has interesting results. Most wage and salary earners—well over 90 per cent—are in the same relative position on the income scales of all four countries. For the remaining 10 per cent, at the high and low extremes, significant differences were observed, as could be expected.

Income distributions being associated with the degree of economic development tend to change rather slowly over time. History does show, however, that in the long run, major changes have taken place in the distribution of income. In France, for example, between 1875 and 1955, salaries of public servants relative to those of labourers were reduced from a ratio of 15:1 to 5:1. In the United Kingdom, the ratios fell from 32:1 to 16:1 in the same period. By contrast, and this may come as a surprise to most people, over the past 25 years very little if any progress has been made towards greater equality within most industrialized countries. The evidence for Canada is scanty. But the distribution I just quoted for 1969 can be compared fairly directly with that derived from another study based on 1961 data. Between 1961 and 1969 the share of income accounted for by the lowest 40 per cent of families remained basically unchanged while the share attributable to the top 20 per cent of families may actually have increased. Another study, which examined the decade 1951-61, also found no overall changes in the distribution of income. Taking the two together then, there is evidence that income inequality in Canada has not been reduced since 1951. The same trend—or nontrend—is evident in the United States. Between 1935 and 1947, some progress towards greater equality was made, but since that time, no further improvement has been apparent.

Having outlined—very broadly—the problem of inequality in Canada, I would like to discuss the solutions that have been tried out. The traditional approach is fiscal. Valiant attempts have been made to even out income distribution by means of taxes and government expenditures. We must now admit, however, that such fiscal adjustments have negligible results; sometimes, they even increase inequality.

The figures I quoted earlier for income distribution for Canada were calculated before taxes, and they excluded government expenditure programs, except for direct transfer payments. When we look at taxes, we find that, in 1969, the Canadian tax system was extremely regressive at the lower end of the income scale. That is, the overall effective tax rates were higher for the poor than for the rich. Taxes were regressive up to an income level of about $4,000, that is, for anywhere between 17 and 28 per cent of families, depending on the province. Above the $4,000 level, the tax system became basically proportional, at an effective tax rate of about 38 per cent.

The only tax in the entire system that is progressive over all incomes is the personal income tax. Corporate taxes (assuming one-quarter shifting to consumers) are regressive at the low end, proportional over the middle range, and then quite progressive at the upper end. Consumption taxes—like general sales taxes—are regressive throughout, and social security contributions—like the Canada and Quebec Pension Plans—are basically proportional taxes, except for the lowest income groups where they are regressive. Most regressive of all is the property tax.

By level of government, federal taxes are the least regressive over the lower-income ranges and because of the influence of personal income taxes, are the only ones to show evidence of progressivity over the higher ranges. Provincial taxes are basically proportional after the initial regressive range. Finally, because of the dominance of property taxes, the municipal tax system is regressive over all incomes. Thus we find that the tax system becomes more regressive as we move from federal to provincial to local tax levels. This corresponds to the often noted difficulty of the lower level governments to levy taxes that are related directly to income.

This pattern of tax incidence does not seem to have changed over the past decade, as Professor Gillespie found the same pattern in his study of 1961 taxes. American studies of tax incidence also conclude that taxes are regressive for those at the low end of the scale and then basically proportional. In the United Kingdom the system appears to be proportional over the entire range.

Government expenditures, on the other hand, appear to be highly redistributive in favour of the lower-income groups, and in fact they outweigh the regressive incidence pattern of taxes. As a result, the net effect of government policy—according to the last complete study in 1961 for Canada—was to redistribute income in favour of the lower-income classes, with the break-even point occurring between $9,000 and $10,000. It was also found that social welfare payments were the most redistributive class of expenditures and that programs at the federal level were the most redistributive over all. By way of illustration, let me recall my earlier comment that one-half of the total income of the lowest group was accounted for by government transfers.

While we have no studies available later than 1961 on the incidence of expenditures, it is quite probable that they have become even more redistributive since that time. The expansion of social welfare services, the inauguration of Medicare, and the relative decline of defence expenditures (which are much less redistributive, if at all) all point in this direction.

To summarize, it appears that it is not our tax system that works to redistribute income in favour of the poor, as was once commonly thought. Rather, that function is served by government expenditure policies, especially the social welfare system.

This being said, and due credit rendered to public authorities, the fact remains that fiscal measures are clearly inadequate. They have almost reached their limit, considering the effects of assistance programs on incentives to work and, indeed, while income distribution is influenced by the degree of development of an economy, it is equally conceivable that the pace of development will in turn be influenced by income distribution. With more equality, there is in fact less incentive to change. This assumption, plus the fact that the distribution of wealth is definitely more acceptable now than in the past, means that discussions on distribution are becoming far less dogmatic. Certainly issues are becoming more concrete. Today, concern is focused on particular groups of citizens, rather than on broad income classes. The concept of equality has found expression on two battlefronts: the war against poverty and the fight against discrimination. The rationales for both are based on unpleasant realities. According to the Economic Council definitions of poverty, 22 per cent of all family units—one and a half million in 1971—in Canada are poverty-stricken. Similarly, we are righteously concerned about the future of certain groups of the population. The labour income of women in 1961 was lower by more than half on average than that of men. Finally, in Canada, in 1961 there were also important and unexplained differences in labour income between Canadians of French origin and those of other origins. Furthermore, assistance programs can never be more than a surrogate, because the real problem raised by poverty or discrimination is the exclusion from the productive sector of some groups who are able to work and anxious to do so. These are, in my opinion, the main aspects of the problem of equality in our country at this stage of history.

For several years now, specific techniques have been used to deal with social inequality. They stem from a philosophy diametrically opposed to assistance. This philosophy is defined essentially by the principle of equal opportunity. According to this venerable school of thought, which dates back at least to the 18th century, men are equal at birth and, if society is well organized, the success and development of individuals is directly proportional to their personal qualities.

A well-organized society in this context implies that barriers to upward mobility have been abolished. Until recently, education was held to be the main barrier, and thus the main source of social inequality. Over the last 20 years, efforts to solve this problem have been spectacular. Free, universal, and compulsory education has been instituted. School and university programs are available to the population at large. Continuous retraining programs conceived for the labour force have been put into effect. And, huge sums of money were spent for these purposes.

An attack has also been launched against the most obvious forms of discrimination, particularly in the United States, so as to ensure that chances of success in life are the same for all.

This principle of equal opportunity is now being challenged. It is challenged for four basic reasons. The first is related to results: despite adjustments made by reforms in education and by the fight against discrimination, no noticeable progress towards a better distribution of wealth has been realized since the Second World War as I said before. Another reason is the questioning of the assumption that all men are equal at birth. Nowadays, a steadily growing number of psychologists and biologists are stressing the importance of hereditary factors in determining a person's potential for success. It would appear difficult to continue ignoring the evidence accumulated to this effect and although I do not wish to prejudge the resolution of this debate, it seems that it will undoubtedly be necessary to consider modifying general policies adopted up to now, in favour of ones geared to the needs of specific groups.

The third reason is partly a corollary of the preceding one: education is not as efficient a tool as we had believed in reducing social inequalities. Scholastic achievements are attributable as much to family influence or background as to that of the school, or so it seems; incomes are related more to occupation than to education; and skills acquired through formal education are subject to faster and faster rates of obsolescence.

Finally, discrimination has been interpreted too narrowly for the fight against it to achieve effective equality of opportunity.

All in all, however, this questioning of basic principles should not lead to abandonment of the fight. The challenge should rather incite us to redefine equality of opportunities in a broader context, closer to the real workings of markets and institutions. To this subject I will devote the last part of my speech.

Any reformulation of the principle of equal opportunities is not just a matter of semantics. Rather, its objective is to serve as a base for more adequate policies. While the preceding considerations have been based mainly on U.S. experience, the following examples are drawn from the Canadian situation which is clearly different in many respects. Up to now equality has been defined as if people were abstractions, and as if their rights and obligations as individuals were limited to legal prescriptions. What I propose, in contrast, is a system that would relate to real people, whose opportunities depend to a great extent on the groups to which they belong. Thus equality should be approached by first defining the opportunities of these groups; however, they are defined as, for example, by social class, language and culture, type of activity, or region.

Opportunities are also subject to various institutions, like the labour market, which operate under their own laws. I will give you an example. Take an industrial structure where salaries paid for all jobs are lower in one area than in another. In such a case, an equal opportunity scheme focusing exclusively on individual training and personal effort would not have much effect because incomes are dictated in any case by the market for labour. In view of these considerations, I think it is appropriate to use another word than ''discrimination'' when referring to the various barriers to social promotion. Usually, discrimination is interpreted as meaning a disparity in wages and salaries paid for similar jobs or workers. On the basis of such a definition, I would say that discrimination is not widespread in Canada. But, on the other hand, the phenomenon I would call segregation, in its proper meaning of isolation or immobility, is very pervasive.

Labour income of women, I said before, is half that of men in Canada. The major part of this discrepancy is not attributable to discrimination, but to the fact that women generally have low-wage jobs. Income disparities between French-speaking and English-speaking Canadians are also mainly due to the different patterns of activity of the two groups and to their respective levels of education. An efficient approach to equality therefore must take into consideration the functioning of existing institutions and communities.

This brings me naturally to a discussion of how this segregation is maintained—the access to jobs.

Earlier I said that the income distribution has remained basically unchanged in Canada for 20 or 25 years, while during the same period a major surge has occurred in formal education. These results are contrary to expectations. One would expect that if the supply of skilled workers increased, the relative incomes of the higher classes would fall. Similarly, moving people up from the lower ranks, through education, would raise the low incomes so that, over all, market earnings become more equal. This is not what happens. A formal and elaborate explanation was given recently for this apparent inconsistency. Put simply, the explanation is that wages and salaries are fixed for given tasks, and the best workers get the jobs. Workers thus compete for *jobs*, not wages. From the viewpoint of the employer, the best workers are those who can be trained on the job at the minimum cost. If, for example, the supply of university graduates increases, they simply displace non university graduates with no impact on the distribution of incomes. The key to the distribution of income thus is the distribution of *job opportunities*. What are the jobs available over the whole spectrum? This is a demand factor quite independent of anything a person can do himself to improve his lot. Job opportunities depend in turn upon the level of aggregate demand and the economic structure or, more concretely, the composition of industries and occupations. Let me illustrate this with a specific Canadian case.

Income disparities between francophones and anglophones in Canada can be attributed, in my view, to unequal access to jobs. In an establishment where English is the language of work, a person with French as mother tongue has an obvious temporary handicap. The same problem arises when an anglophone offers his services to a French school board. The less knowledge the employer has about the educational, family, and social background of the prospective employee, the more he is risking. The information network, formal and informal, is more efficient within any group than between groups. Similarly, the search for applicants or for jobs is more costly when the employer or the applicant moves outside his respective group. More important still, the costs increase as one moves from simple manual tasks to highly sophisticated ones. Therefore, the disparities in income both in absolute and relative terms should increase between francophones and anglophones as one moves from low-paying to high-paying jobs. Indeed, this is exactly what the evidence shows. There is more segregation at the top than at the bottom of the occupational structure, more segregation for the educated people than for the uneducated. The consequence is clear: the objective of equal opportunity for all will never be achieved by education alone. Quite the contrary.

In this re-examination of the principle of equal opportunity, we have found that policies limited to the removal of personal handicaps such as the lack of education or training, or ignorance of a language are not sufficient to ensure genuine equality of opportunity.

Additional measures are necessary, measures that affect the demand for labour—for example, removing artificial restrictions based on formal educational requirements or based on any other basis. More particularly, programs are needed that focus specifically on the groups that we want to bring back fully into the productive stream. Equality of income opportunity is a noble ideal; but it deserves and requires strenuous and well-directed efforts if it is to be achieved.

Thank you.

Dr. Raynauld was thanked on behalf of The Empire Club by Lieutenant Colonel P.W. Hunter, a Director of the Club.

LIEUTENANT COLONEL HUNTER:

Dr. Raynauld, paraphrasing the incomparable line in George Orwell's marvelous *Animal Farm*, it can be said that "all men are created equal" but some are more equal than others. Your comments today emphatically remind us how true this is and the observations and information you have expressed are, indeed, food for thought for all of us.

I am told that your subject Distribution of Income in Canada is one of very special interest to you and a problem to which you and the Economic Council of Canada are directing particular effort and focusing attention in order to see corrective action taken.

You are to be commended and all of us join in wishing you well in your endeavours.

In the past, Dr. Raynauld, we have been privileged to listen to former chairmen of the Economic Council of Canada. In each instance we have been presented with a learned and enlightening report on our nation's economy or a specific facet of it. You have today, sir, maintained the tradition of excellence established by your predecessors and we are grateful for the time and energy you have devoted to speak to The Empire Club of Canada. And if I may be allowed a moment or two more, sir, I would like to compliment you and your colleagues in the Economic Council for the fine work you are doing. The resource for business, industry and government that your organization represents is a valuable one and I sincerely hope it is utilized to its full extent by those who carry the responsibility for shaping the economic destiny of our country, its various regions and population groups.

Not long ago Dr. James Gillies, the new M.P. for Don Mills, said "Too little attention is being paid to our country's crystal ball gazers." He meant the advice you as a member of this particular elite are able to give to both government and business is essential for sound policy making.

All of us who have listened to you this afternoon need no further convincing. I just hope there are many other ears tuned to the counsel you are able to give.

Again, Dr. Raynauld, our sincere thanks for being a guest of The Empire Club.

FEBRUARY 8, 1973

The Price of Unity

AN ADDRESS BY Claude Ryan,
PUBLISHER, LE DEVOIR

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

Mesdames, messieurs, c'est avec plaisir que j'ai le grand privilège de souhaiter la bienvenue, de votre part, à un grand Canadien, Monsieur Claude Ryan, Directeur, *Le Devoir*.

The Empire Club has been criticized in the past for being biased. Not to the extent that it originally demonstrated a bias in favour of the interests of Canada and a United Empire, no apology was forthcoming, since the advancement of such interests was stated as the object of the Club when it was first founded in 1903.

Likewise, we make no apology today to the extent that we demonstrate a bias in favour of the interests of Canada and the British Commonwealth, since the purpose and object of the Club, as defined in our present constitution, is the promotion of those very interests.

I am not aware of our having been criticized in the past for a bias in favour of our French-speaking compatriots from Quebec. However, based on our recent performance we are coming perilously close to being charged with just such a bias. Our opening meeting of the season was addressed by the Rt. Hon. Pierre Elliott Trudeau and later we had as our guest Réal Caouette. I'm sure we would have been above criticism if we had stopped there. It would have been considered by most as a courteous gesture on our part, by some as mere tokenism. But we didn't stop there—with a reckless display of bravado we welcomed a politician from Quebec, the Hon. Robert Bourassa, and then at the very next meeting we welcomed an economist from Quebec, André Raynauld, Chairman of the Economic Council of Canada. A casual observer of the scene would have been entitled to expect at this juncture at least, that we would exhibit some degree of caution and restraint. But such was not to be the case—we failed to do the obvious and didn't even interject one WASP into the sequence of our speeches.

Here we are today, for our third successive meeting, welcoming another speaker from Quebec, this time, a distinguished journalist.

If we are to be criticized for a bias in favour of French Canadians, then perhaps I would be permitted to make the observation that we are not the only organization or group in this country, governmental or otherwise, to have been so criticized of late. Be that as it may, speaking only for The Empire Club, let me assure you, M. Ryan, that we make no apology whatsoever for and indeed do not even admit any such bias, which is only a figment of my imagination in any event, and are delighted to welcome you back.

The late Nye Bevan once said, Quote " . . . in a democracy idolatry is the first sin. Not even the supreme emergency of war justifies the abandonment of critical judgement."

Our guest today certainly could never be faulted for idolatry or for the abandonment of critical judgement. As was stated in the printed notice of this meeting—throughout the years he has maintained an independent stance and thus all political parties and their leaders have felt the sting of his reasoned criticism.

He has kindly agreed to speak to us today on the subject "The Price of Unity". The unity of this country has been and continues to be a constant concern to all Canadians. It has been the topic of addresses to the Club over the years. Permit me to refer you to brief extracts from some of them.

In 1904 Mr. Benjamin Sulte, Vice-President of the Royal Society of Canada, had this to say in an address entitled "Canadian Sentiment Before and After Confederation".

> ''You remember when the first talk about Confederation came, that it sounded like a bugle call to rally parties who were not at all prepared to rally. It was some fifteen years before we could say, in 1867, that Confederation was formed. I remember those days . . . I remember how often we thought it was not made at all . . . it was agreed that the people did not like it . . . It might last five years, ten years, three months, we did not know. The least little thing might break it asunder.''

And in 1919 M. Gouin, in an address to the Club entitled ''A United Canada'', stated:

> ''Gentlemen, what prevents us from living not only as good neighbours, but also as friends and partners? Many people think that a Canadian of French origin must sacrifice his race and his faith in order to serve our Dominion; in other words, we could not serve those two masters at the same time—our province and our confederation—and our racial instincts, as I would call them, would be incompatible with our larger patriotism, with the loyalty which we owe to our federal state. I believe this error to be a source of many evils, to be the very spring of our disunions . . . We must all work for a United Canada. But how can we realize such a union? We can realize such a union by a better understanding between you and us, by toleration, and by mutual respect.''

And then in 1939 Monsieur Jean-Charles Harvy, a distinguished journalist and former Editor-in-Chief of *Le Soleil*, in an address to the Club entitled ''Can We Achieve Canadian Unity?'' said:

> ''It would take too long to review here the balance sheet of mistakes made in our Confederation on the English as well as on the French side. On the side of the English-speaking Canadians there are altogether too many who have tried to make French-speaking Canadians feel that their language and traditions survived only on sufferance, too many who have sought to deny to the descendants of the first Europeans

> settled in Canada their right to maintain their own personality in all parts of the Dominion, too many who have deliberately kept them in subordinate positions in the public service and in certain important industries.''

And later in the same speech and I remind you that this was in 1939, he said:

> ''In the last two or three years talk has been heard of a separatist movement in Quebec, aimed at the establishment of a French state along the St. Lawrence River. The group is now to all intents and purposes impotent, but we must not lull ourselves into thinking that the idea behind it is entirely dead. Another economic crisis, for example, would probably revive it.''

I know that M. Ryan's address to us today will paint for us a contemporary view of this historical and stubborn problem.

Claude Ryan is a Montrealer by birth and education, having studied social work at the School of Social Science in l'Université de Montréal. He made a brief pilgrimage to Rome and a departure from the world of secular affairs to study Church History at the Gregorian University. His entry into the public scene in the Province of Quebec began with his appointment as National Secretary of L'Action Catholique Canadienne, a position he occupied through the stormy, post-war Duplessis era. He also played an important part in the secularization of education in Quebec as Président de l'Institut Canadien d'Éducation des Adultes and also as Chairman of a Study Group on Adult Education commissioned by the Department of Youth in the Government of Quebec.

Trading social action for journalistic persuasion, he joined *Le Devoir* as an editorial writer in June 1962, and was appointed publisher two years later.

He has received:

. the National Newspaper Award for editorial writing;
. the National Press Club Award;

. the Canadian Council of Christians and Jews, Human Relations Award;
. membership in the Canadian News Hall of Fame;
. the Jewish Labour Committee of Canada, Human Rights Award;
. and the Quill Award for Special Contribution to Canadian Journalism.

Monsieur Ryan, many of us here today were privileged to hear your address to the Club almost exactly three years ago. We are delighted to welcome you back.

Mesdames, messieurs, c'est vraiment un honneur de vous présenter Monsieur Claude Ryan, Directeur de *Le Devoir* qui nous parlera au sujet "La Prix de L'Unité".

M. CLAUDE RYAN:

M. le Président, distingués invités, mesdames, messieurs. Je voudrais tout d'abord vous remercier de votre hospitalité qui me permet de vous adresser encore une fois la parole après le brève période de trois ans au cours de laquelle je me suis vu parfois accusé d'avoir fait des choses qui auraient été de nature autrefois à scandaliser les members du Empire Club.

I have said these things in French because I was not too keen about being understood by all of you. Now let's come back to orthodox things.

I could have prepared a rather light speech had I known that you were going to have all those prominent speakers from Quebec. I would have tried to add a lighter note to the grave talks which they probably submitted to your attention. Being a journalist I do not necessarily trust what our official spokesmen say on behalf of the Province and you will appreciate that I may try to supplement some of the views that were presented to you knowing that the Toronto press will always be there to resist some of the heresies that they may happen to read in *Le Devoir*.

I have a text in front of me, Mr. Chairman, if I may appear hesitant at times it's in my own handwriting which is extremely horrible and I have difficulties with it. I never have any problems with my wife, she never even tries to understand it.

Upon a recent visit to Montreal by the President of an important Canadian Bank, the question was raised at the meeting attended by French-Canadian leaders of the business world—"What are the prospects for the Quebec economy in the months ahead." One would have expected the conversation to turn to such topics as unemployment, the threat of creeping socialism, high taxes, the cost of welfare programs, investment, etc., but it immediately took another direction. "Provided," said the newly appointed French-Canadian President of a very large company whose activities are as well ramified in this province as they are in Quebec, "Provided," he said, "that the Gendron Commission on language rights comes up with a sensible report, we can look to the future with optimism. This reminded me of a similar observation which I heard several years ago. Just before retiring from the Presidency of the C.N.R., the late Donald Gordon took a farewell tour of his organization's posts all across the country. The leading impression which he brought back to a group of friends which had gathered in Montreal to pay tribute to him was that he saw absolutely no limits to the future of this country provided, and I quote, "We remained united." Donald Gordon had been impressed with the tremendous potential which he had observed in all regions of the country. His only fear was that because of our divisions, we might not be able to meet the challenge successfully.

I would have had only one slight difference with Donald Gordon on this score. He said "Provided we remained united." I would rather have felt inclined to say—provided we become united. He sought unity as a reality which had been at least partly achieved and he could base his assessment on several great accomplishments both economic and political for which we were jointly responsible in the past. But there is another side to the problem as you well know. Looking at this matter from a French-Canadian point of view, I would have been inclined to say that this other side was at least equally important. A country in one of whose leading provinces a party with a clear separatist platform succeeded in getting 24 per cent of the popular vote in the last provincial election cannot claim that it has achieved complete and lasting unity. A country in which after a century of coexistence no party came out of the last federal election with a clear mandate to govern on behalf of the whole nation. A country in which one party enjoys a strong majority in the French-speaking areas whilst the English-speaking areas give their support to two other parties cannot claim to have achieved solid unity.

Upon reflection it appears that the voters may have been more sentimental in Quebec last time than in the rest of the country. English-speaking voters may have been carried away by sentiment or at least by a rather blind act of faith in 1968 when they overwhelmingly supported a man whose record and policies they knew rather little about. I would suggest that last time they mainly voted not against the man, not against Quebec, not against the fact that Mr. Trudeau and some of his colleagues embodied this French power about which they impudently boasted in some parts of the country but rather against his general policies as applied to the whole of Canada.

This being said, we cannot forget the fact that on October 30th the results of the election revealed two very distinct patterns of voting in Quebec and in the rest of the country. Some may have doubted at the time whether the Commission on Bilingualism was realistic when it spoke of the existence of two societies as being the leading fact in Canadian political life today. Who can seriously doubt it again after what we saw following the last election. We had begun under the late Lester Pearson to accept this reality and to work out arrangements which could make it possible for the two societies to coexist in a spirit of mutual acceptance and common dedication to commonly accepted goals. I honestly believe, Mr. Chairman, that we will have to go back, if not necessarily to the policies of Mr. Pearson, at least to the spirit in which he tried to tackle this explosive question of national unity.

Mr. Pearson's great discovery was that Quebec with its distinct cultural personality, its distinctive social, cultural and economic institutions, its distinct political habits and aspirations forms a distinctive society which must be recognized and accepted as such. He accepted that, in its capacity as the main political instrument at the disposal of this society, the Government of the Province of Quebec must by nature have aspirations and preoccupations that do not necessarily apply to the same extent and in the same forms in all other provinces. Mr. Pearson's great achievement lay in his efforts to work out solutions which would keep Quebec in Confederation and allow it at the same time to pursue its own course at no extra expense to the other provinces or the rest of the country. No extra expense to the country as such in fields where there was substantial justification for doing so.

The leading social institutions in Quebec, the political parties, the media, the labour organizations, co-operatives and credit unions, the educational system, organized religion, the arts, etc. are greatly different in several respects from what they are in the rest of Canada. This necessarily calls for a certain degree of cohesiveness and coordination at the governmental level which can best be assured by all accounts say in that particular situation by the government which is the closest to our way of life and which has a greater continuity in the expression of such distinctive characters. When Mr. Claude Castonguay, for instance, insists that Quebec must have the liberty and the means required to develop its own integrated system of social policies and services, he is not advocating separatism, he is not either trying to build an empire for himself. He is only providing a reasoned answer to problems that are deeply felt by all those who have seriously studied matters of social policy in Quebec. This man, by the way, is as completely apolitical as a minister can be in our system of government. He has often been depicted to the rest of Canada as a cryptoseparatist or at least as an incorrigible Quebec isolationist. This is a completely false description of this man whom I happen to know very well, I know few political figures in Quebec who are as objective, as dispassionate, as competent, as rationally attached to Canada as

Mr. Castonguay. Should he fail to reach agreement with the Federal Government and the other provinces on the matters which fall under his authority, I would not gamble much on the future of Canada as a united country. The federation would probably continue for a good while because of some strictly pragmatic and materialistic calculations on the part of both sides. But the spirit of friendship and cordiality of which dynamic federations are made, the sense of deep commonality of long term interests that is the basis of a dynamic federal system would be gravely compromised.

Mr. Trudeau's gamble was that we can more or less ignore, or at least minimize, the collective dimension of our unity problem in favour of stressing the individual rights approach because he was afraid that the continued growth of the range of action of the Quebec Government might have a disrupting impact upon the federation. He suggested, and he won his gamble at the time, that we should rather concentrate upon pursuing equality for all individual Canadians in the field of language right whilst dismissing many of the claims that had been put forward by the Quebec Government in its capacity as collective spokesman for the Quebec people. Well, we are now somewhat familiar with the results of this gamble. There may have been a toning down in style and verbosity in the attitudes of the Quebec Government. If you look at the substance rather than at the form you will find that very, very little has changed in the last five years. Mr. Castonguay is now a member of a liberal government led by Mr. Bourassa. If he were to be replaced tomorrow by his national union counterpart, Mr. Jean Paul Cloutier, who is a very competent man also, the position would be about exactly the same. Such continuity, I suggest, must have meaning. To me it means that the Quebec Government in the last fifteen years has offered the most durable and the most faithful presentation of the aspirations of the people of Quebec in several fields.

An international expert of great reputation was among the persons consulted by the Gendron Commission in the drafting of its report which should become public in the next few weeks.

According to a conversation which I had with a member of the Commission recently, this expert, who now teaches at Harvard, expressed a view, this will be one of the major contributions of the Gendron Commission. I think they will come up with expert opinions from leading world authorities on constitutional law. This will be a great surprise because the Laurdeneau-Duncan Commission came up with very little in this respect. You know most of the specialized studies which they conducted with great cost to taxpayers were not good enough so that someday they should be published, then are buried somewhere in the Ottawa archives for future generations to see. They are supposed to talk about some of us in those reports. We could not care less, of course, as press people.

This expert reportedly said to the Commission, and this might be included in the report which they are going to publish, that there is no reason why a federal system should not by its very nature be able to provide enough flexibility to accommodate the relationships between its constituent parts and the central authority in such different forms which may be justified by the careful examination of reality as it is.

There are limits, of course, to this possibility of adaptation of a federal system but in principle we should free ourselves from the rather rigid framework of British constitutional thinking which has dominated our attitudes, perhaps too strongly, in the past and we should now begin to look for more subtle ways of coping with some problems the equivalent of which has never been met before in the mother country.

This is the first ingredient of the price we must pay in order to achieve deep and lasting unity. You would remind me that Quebec in turn would have to accept its share of the burden and responsibilities of national undertakings. I agree 100 per cent with this but I would add that to the extent that Quebec would feel really free in Confederation to the same extent she can be counted upon to accept in the spirit of greater dedication its share of national responsibilities. It's a tragedy at the moment that a good proportion of Quebecers are not interested in assuming responsibilities at the national level because we have not yet found the reasons which would inspire them to move in that direction and the rest of Canada is often misled by some alleged spokesmen who appear on the national scene while having very little influence on the Quebec scene but they are rapidly promoted to big responsibilities on the national scene without ever having been tested in their own province and then were surprised that the results were not exactly what had been hoped for.

We have also seen in the last few months that the language policies of the Trudeau government have not been too successful. In English Canada they aroused a feeling of uneasiness and even exacerbation in those circles to whom they more immediately applied. In Quebec they were greeted with marked scepticism and indifference not only by the separatists but also by many moderates who never believed that they could provide the key to a lasting solution of our problems. In any event they have been extremely costly and not too effective in practice. This was clearly demonstrated, I believe, by the series of studies conducted under the auspices of the Treasury Board and whose findings and conclusions were published a few months ago by *The Toronto Star* (I apologize to Mr. Cooper) and *Le Devoir*.

I would certainly not eliminate the language problem as unimportant. It has, on the contrary, great importance. But I suggest, Mr. Chairman, that if we have two distinct societies, our language policies must be aimed at resolving in an acceptable manner the linguistic problems of each society and not merely at resolving the problems of individual citizens living in the midst of either society. This I will elaborate upon a little. Some people have complained that we were being driven by force, and at great cost, into a bilingual pattern of social organization which had little relevance to the Canadian reality. Such was not, I believe, the intent of the Trudeau policy. At any event, the future of Canada does not seem to lie in this direction. What I foresee is that if you accept that area which stretches from the eastern part of Ontario to the region of Moncton, embracing of course all of the Province of Quebec, if you accept this area all the other regions of Canada are destined by all accounts to be English. I may be impressed upon arriving at

Toronto Airport by all the bilingual signs that you now see around the place but then not being a politician in search of results about which I could boast with my own people, I am realistic enough to know that as soon as I pick up a taxi and begin dealing with people in Toronto I must speak English or else catch the first plane back to Montreal. This I accept as part of the Canadian reality and it applies not only to Toronto. There are some distinguished circles in Toronto and I may go to the Department of French Studies at York University or Toronto University or talk with some distinguished political scientists but this is not the Toronto reality. These are islands of thinking, islands of thought and research which are extremely interesting but the global reality is not like that and this applies to most of Ontario, to the western provinces as a whole and to most of the Atlantic provinces.

Good sense and equity suggest that in these areas some recognition be given to the French language in the schools and in some areas of public service. As a rule though, such recognition cannot be absolute or global. It must be on a limited basis as a perusal of laws adopted in this respect in the last few years by several provincial legislatures will undoubtedly demonstrate; starting with the laws which were adopted in the Province of Ontario. You always have the little connotation, wherever feasible, which we forgot to insert in some of our laws in Quebec for many generations. But the other provinces were always realistic enough to think of those three insignificant words which often meant a great deal in practice. So such recognition must remain by force, by necessity rather limited. French Canadians living outside this area which I mentioned earlier where 95 per cent of them live in Canada at the moment, there is only 5 per cent in all the other parts of Canada. French Canadians living outside that area must accommodate themselves to the fact that they form a minority. They must, in consequence, adapt in their daily lives to the habits, preferences and requirements of the majority. If a man wants to succeed in any profession, for instance, he wants to be successful in political life, he will have to adapt to the habits and practices of the majority regardless of any declaration of rights which we may decide to insert in our sacred Constitution. If they do not accept this, well, they would live as inferior beings in that part of the country where they opted to live. If they do not accept it their children will as is clearly illustrated by the results of the last Federal census which shows a declining proportion of Francophones in those areas of Canada about which we are talking. Complete equality between the two languages in Ontario or Saskatchewan may be a generous dream. It remains, nonetheless, a dream.

We must in turn accept an important corollary to this. Just as English is destined to be the predominant language in other provinces, French must also become to all practical purposes the predominant language in Quebec. This has long been a fact of life in the operations of the Quebec Government and its civil service and the operations of municipalities, school boards, credit unions, co-operatives and thousands of small businesses but it has not yet been achieved. In many large financial, commercial and industrial concerns, especially at the middle and top management levels, leaders in this sector have long been predominantly English speaking. They have behaved too often as if English must be the only instrument of communication both internally and externally. This situation has had a great impact upon the development of the community. To mention just one example—the massive orientation of immigrants towards the English-speaking minority rather than towards the French-speaking majority must in a large measure be attributed to this fact as well, naturally, as to other factors but this one seems to have been predominant according to the studies which are at present available.

This situation is, of course, potentially explosive not only from the ethnic and cultural point of view but also from a purely social, economic and political point of view. It will not suffice to proclaim that French must become a working language in these areas. We must find ways of ensuring that these concerns become truer reflections of the cultural distinctiveness of the community in which they are based taking into account naturally some practical problems which may arise from the fact that many of them had to cater to a much broader community than the mere Quebec community.

Some have foreseen this change and have decided to leave Quebec rather than face the challenge. Recent statistics show that there has been a drop of about 15 per cent in the enrolment of children in public-supported Protestant schools in the Montreal area. If one remembers on the other hand that the same schools do accommodate at the moment thousands of children of Greek origin whose parents came to Quebec in the last fifteen years, the conclusion is obvious. Thousands of Montrealers of Anglo-Saxon background have left Quebec in the last few years to go to other parts of Canada. When one like myself comes to Toronto, one encounters several former Montrealers who were moved here by the authority of their company or decided to move for one reason or the other. This is now confirmed by official statistics. Others think that they can maintain the same stance as in the past and can cling to the interests which they have established in the province without changing their fundamental attitudes. These are destined to live in prolonged and tragic discomfort. The only positive attitude lies in the direction of accepting some of the changes that must be effected in order to achieve greater stability and general satisfaction in the Province of Quebec.

In deciding the future of this country, Mr. Chairman, the attitudes espoused by the English-speaking minority of the Province of Quebec, especially of the Montreal area, are going to be decisive. If they could only raise themselves to the quality of understanding that one meets more and more frequently in other parts of Canada great advances might become possible in relatively little time.

Now I'm coming to my conclusion which is going to be very brief. Addressing this Club a few months before the last general election in Quebec in 1970, I was wrong in predicting that the outcome of the election would probably be closer than it actually was. But I was right, I believe, in forecasting that the outcome of that election might not prove as decisive for the future of Canada as was being suggested in some quarters. I then saw a period of at least ten years in which we would dispose of all the time required to deal in depth with our unity problem. Recent indications in Quebec seem to show that this broader prognostication was not unrealistic. With the present division of opposition forces in Quebec, with the recent emergence of a new leader in the Creditiste Party, with the apparent stagnation in the past few months of the Parti Québecois, there are strong reasons to suggest that Quebec would again give itself next time a Canada oriented government. But this will change nothing to the fundamental realities which we have discussed today. Understanding (I have three very noble words here which I cannot read). I return, on the part of all of us, to the great Pearson virtues of understanding, tolerance, of approach in depth to difficult problems which would certainly enable us to produce qualities which can foster a more real, a more substantial, as opposed to an artificial and image-based kind of unity, and I think this is the cement upon which Canada can move forward to great advances in the future.

Thank you very much.

M. Ryan was thanked on behalf of The Empire Club by Mr. James H. Joyce, a Past President of the Club.

MR. JOYCE:

Today we have had the privilege of hearing an outstanding Canadian from la belle province outline for us his views on the price of unity. Mr. Claude Ryan has given us a very interesting, informative and, I think, provocative address. You will appreciate what Mr. Potts said in his introduction and from listening to Mr. Ryan just how qualified he is to evaluate the price of unity. In his address he covered a number of things among which to me the most interesting was the necessity of national projects which would have to be accepted by the Province of Quebec, by the Quebec people I should say, and also his comments on the language problem and the need for French being a predominant language at least in the Quebec area if I may include that whole area as Quebec.

Mr. Ryan, thank you very much for your very interesting and informative address. Thank you.

FEBRUARY 15, 1973

Competition and International Commercial Transportation

AN ADDRESS BY Maxwell W. Ward,
PRESIDENT, WARDAIR
CANADA LIMITED

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

Those of you who have studied the mythologies and religions of the world will be aware of the fact that flight has always been one of the chief aspirations of man. In those mythologies and religions the supreme being was given his home in the vast region above us and he had the power to move at will through the atmosphere and therefore flight has been an attribute of godliness and to the ancients one of the chief distinctions between a deity and a human. The religious people thought in the olden times that if a man attempted to fly he was indulging in sorcery. They took the stand that if God had intended man to fly he would have endowed him with wings. Angels had wings and could fly and the devil had wings and could fly. If a man succeeded in flying he must have been inspired by the devil and therefore ought to be proscribed. Particularly in the Middle Ages, and even earlier, man's attempts to fly were frustrated for religious reasons. The ancient philosophers and scientists noticed that there were two things that had the power to move through the air. One was a bird and from that we get our heavier-than-air craft; the other was smoke and vapor and from that we have the development of the lighter-than-air craft. Those two schools of aeronautic thought have developed down through the ages. As early as the time of Our Lord, immediately after to be exact, there was a man by the name of Simon, a scientist who said there was nothing marvelous in the Ascension of Christ that he could project himself into the sky and disappear. He gave his flying exhibition in the Forum at Rome before the Emperor Nero. The Apostle Peter was there and other Christians; they prayed that he might not be successful because they thought he was indulging in sacrilege. Before this vast assembly he did project himself in a balloon with hot air in it—high enough to be killed by the subsequent fall.

Some of you will have had the privilege of visiting the Alexander Graham Bell museum in Baddeck, Nova Scotia. Most of us remember him only as being the inventor of the telephone. A visit to that museum reveals the tremendous contribution he made to the development of aviation.

Prof. Bell spoke to The Empire Club in 1917 when he said:

> ''It might be interesting if I told you a little of an almost unwritten chapter of history—the development of aerial locomotion. As far back as I can remember I have always been interested in impossible things—and one of the most impossible in all the world was that of flying. It is only a few years ago when one would say to express the height of impossibility—'Why, I could no more do this than I could fly!' Yet here you have men flying in Toronto all the time.''

Later in the same address he described the events leading up to the first appearance of a flying machine in the British Empire, the flight in 1909 of the ''Silver Dart'' piloted by John McCurdy of Toronto over the Bras d'Or Lake of Nova Scotia.

In describing the attempt by a Prof. Langley to make a man-carrying flying machine Alexander Bell said:

''In 1903 two attempts were made, but the machine caught

> in the launching ways and was precipitated into the Potomac River and never got into the air. Mr. Manley, the would-be aviator, also appeared in the river.
>
> "But it was only a few days after the accident to the Langley machine that the Wright brothers, down at Kiddihauk, put a motor on their gliding machine with which they had made many glides and flew. They were the first men actually to get into the air and fly but very little was said about them; they did not want to take the public into their confidence. A few notices appeared of their flying at Kiddihauk but they took their apparatus away to Dayton, Ohio, and there for two years they continued flying in secret, flying for half an hour and even an hour at a time; but they were very careful not to let the news of their flights get to the public. Occasionally short articles would appear giving great accounts of the flights of the Wright brothers at Dayton, but hardly any person believed them. You see, America is a country of inventors; and the greatest of the inventors are the newspaper men. The majority of the people who read those glowing accounts attributed them to the newspapers. I did not; I felt sure, even if they had not flown, that it was possible to fly; and it occurred to me that it would be a great thing, too, if I could put a motor on one of my gigantic kites and propel it through the air as a flying machine."

When we consider the current controversy between chartered and scheduled flights we tend to overlook the earlier controversy between the lighter-than-air and heavier-than-air machines which is revealed in the annals of The Empire Club. In August of 1930 Major Scott, an officer on the Airship R-100 which had just crossed the Atlantic on probably one of the earliest charter flights, albeit chartered by the British Government, addressed the Club and said:

> "There is nothing very wonderful about the flight; it was a perfectly normal flight. It is called a wonderful thing but we did what everybody will be doing some day. There is no danger in the flight at all."

But just two months later, in October of the same year, Col. (later Air Marshall) Billy Bishop addressed the Club on the topic ''British Aviation in War and Peace'' and said:

> ''This is not the right time to go into the pros and cons of the controversy between the lighter-than-air and the heavier-than-air machines. In view of the terrible tragedy of the R-101—in which I lost several close friends—I will only say that it has always been my opinion that the future of the air lies entirely with the heavier-than-air machines.''

Mr. Ward, when I introduced the Prime Minister of Canada at our opening meeting last September, I told him that we were indeed honoured by his presence, particularly in view of the fact that he had taken time out to do so in the midst of a busy election campaign. We are equally honoured by your presence, particularly in view of the fact that you have taken time out to do so in the midst of a somewhat different type of campaign.

Our guest was born and educated in Edmonton, Alberta, and served as a Flying Officer in the Royal Canadian Air Force from 1940 to 1945. Upon discharge he joined an aviation company called ''Northern Flights Limited'' flying from Peace River to Yellowknife. In 1952 he formed Wardair Limited, having obtained a Domestic Charter Commercial Air Service licence to operate from Yellowknife. In 1961 the company name was changed to Wardair Canada Limited which obtained an international non-scheduled charter licence.

It was 11 years ago that our guest diverted a plane from his company's service in Canada's North and carried 88 passengers on a charter flight to Copenhagen.

The propeller-driven Douglas DC-6 took 18 hours and 55 minutes on the trip from Edmonton, plus an hour to refuel in Greenland, and the passengers were probably too exhausted to realize they were helping to make a small part of aviation history.

Exactly what place in that history his first international charter deserves depends largely on your viewpoint. Wardair Canada Limited now accounts for more than 20 percent of

Canada's mushrooming charter business, and its president seems to be involved in a high proportion of the verbal battles between the establishment of the aviation world—represented by the International Air Transport Association—and the non-scheduled charter operators.

To tens of thousands of Canadians, Wardair and inexpensive flying are synonymous.

Ladies and gentlemen, I am delighted to be able to present to you Mr. Maxwell Ward, President, Wardair Canada Limited, who will address us on the subject "Competition and International Commercial Transportation".

MR. MAXWELL WARD:

Mr. Potts did such a wonderful job of summing up the aviation industry; I've never quite been able to put a title on what I was doing but "sorcery" seems to be the appropriate one. I'll remember that.

I would like to tell a little bit of a story to divert from my text if I may for a couple of minutes. Mr. Potts had done such a wonderful job of summing up some of my history but a number of years ago, in 1952, I was trying to get an aircraft from the DeHavilland Aircraft with no money as usual and having my troubles. However, I found that there was one party that sort of rather believed in northern transportation and he was running a mine in the north and he gave me, without any attachments, sufficient funds to launch that first aircraft. The name of the person I am speaking of here, sitting at the table, his name is Mr. J. C. Burn. He was then President of Consolidated Discovery Mines and I am just very pleased for this opportunity to be able to say I haven't forgotten Gerry and thank you very much.

From our experience operating in the International Market Place, it is evident that no matter what the political policy of a country with reference to its domestic affairs and regardless of the attitude in the approach that country makes with reference extending that domestic policy into international commerce, international commerce is basically a competitive matter and will always be so.

Although competition in international air transportation has not been evident to the layman, rivalry for prestige and particularly for national prestige has been very evident—and I could suggest has been very expensive for the taxpayers, too. The Concorde I am afraid is an example of that. I didn't anticipate when I was writing this speech who I would be sitting next to at the head table. It is not so very long ago since the British Government wrote off one-half billion dollars on behalf of their national airline—and judging by the national airlines policy of pricing on the North Atlantic this summer—I think they are accruing for the next write-off. All of which is a part of national prestige.

The attempt of the world's airlines to fix prices and restrict international competition through their organization, The International Air Transportation Association, has been undermined firstly, as a result of growth and development within the industry, and finally it has been completely destroyed, I should suggest, by the devastating effect of challenge that has come from outside in the form of the charter air lines. The success of international price fixing today is dependent upon intercarrier agreement and the support that these carriers are going to receive from their governments to enforce this intercarrier agreement which is going to be a very delicate matter.

It is interesting that governments found it convenient in the past to look the other way at various activities but recently a U.S. Government Civil Aeronautics Board investigation of the IATA Carrier policies in marketing evidenced that the odd discrepancy was taking place. On one occasion an 82 year old lady was travelling on a youth fare.

It is irony, or justice, depending on whether you are selling or buying, that a competitive airline concept created by IATA, should in fact be the concept that destroyed IATA and that it has finally scattered the various IATA carriers and chased them scurrying to their respective governments for protection. Now we are concerned about that protection, it has been very evident to this point and if that government protection be shelter from charter flights—then that which has been created by competition in the airline industry and the ten years of hard work and development in the concept of charter flights will have been lost.

Commercial air transportation with its multi-million dollar equipment, its expensive airline ground facilities, very expensive airport facilities to support, and if you will pardon the expression, very high operating costs, is far too expensive a product to attract the leisure travel market when sold in the original and operating the historic airline schedule concept and it is only attractive today due to the mass marketing of the charter operators. Charter in airline operations, of course, represents "change". It is a simple concept of coupling mass markets with the scheduling of both the passenger and the aircraft to achieve high load factors and minimum flight frequency.

Charter airline operations is the epitome of discipline in long term corporate planning and exchanges the incentive of low air fares for the discipline of short term planning by the consumer. A minimum charter flight pre-flight booking period of 30-45 days would best serve the requirements of the charter airlines. It would handle the economic factors and the market factors very well, whereas the 90-day minimum pre-charter flight booking period that is now required by government, and I am speaking of not only the Canadian Government but foreign governments, is established to restrict the competition of the charter carrier in favour of the schedule carrier. A different purpose entirely from that of achieving low cost transportation.

Charter travel with its low air fares creates and develops the potential of a route and as such is an essential service. The economic advantages of charter services over schedule services induce governments to restrict the charter travel whereas it really is in the public interest for them to expand charter travel. They have lived together in Europe for many years and they can do so in the North Atlantic. One of our big problems is that the moment a politician accepts the portfolio of transport minister then stateowned industry becomes *his* railroad and *his* airline, and a conflict of public interest ensues.

In 1971 Air Canada's international and domestic scheduled services operated on an average per revenue passenger mile yield of 6.39 cents and, in short, produced a profit of 1.66 million on a gross revenue in excess of one-half billion . . . these financial results are not significant to Air Canada. They are very common in the industry.

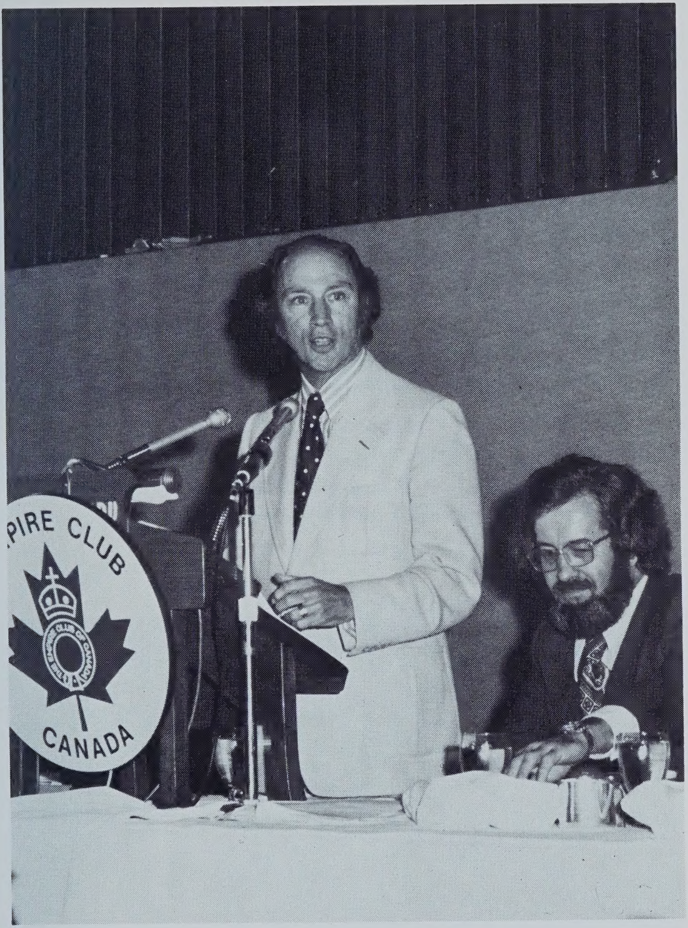
Pan Am has stated they could be profitable had they been able to achieve the 1971 U.S. *domestic* airline yield of 6.1 cents per revenue passenger mile. In fact, Pan Am lost 123 million dollars up to the end of '71 and an additional 28.88 million in 1972 but Pan Am was operating on an average passenger mile yield of 5 cents. But, of course, Pan Am is one of the few major carriers that does not have a domestic operation to cross-subsidize their international operation which, of course, raises the problem, is the cross-subsidization in fact in the public interest?

Despite limited operating authority and a history of harassment from government particularly in the areas of marketing and planning, charter airlines can profitably produce a revenue passenger seat mile for 2½ cents.

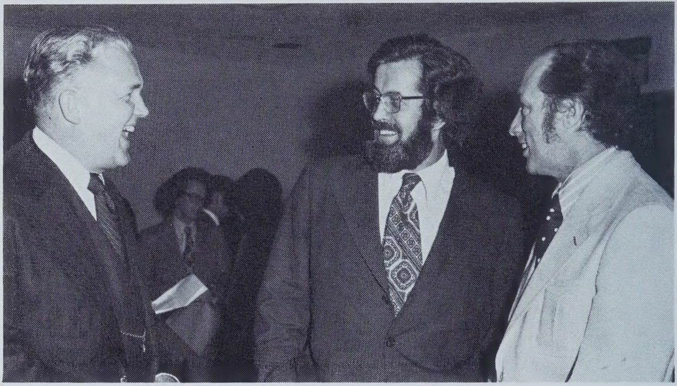
The political justification for protection of scheduled services does not lie with ownership alone. The scheduled airline industry is a tool to support the ambitions of federal—provincial—and municipal politicians so that they can build large transportation edifices and prove to their constituents their political prowess or in some cases where they can inject area economics into the government planning. I don't know what's so wonderful about airports and how they contribute so broadly to the social development of our country but it seems that where there is some money to be spent in various districts, airports are the object of the construction.

I have been clearly informed by government that airport facilities must be economically self sufficient. The average domestic airfare across Canada is certainly due for a boost when the costs of sustaining a one billion dollar airport at Montreal comes on line.

Government controls of commercial air transportation as an


PIRE CLUB
CANADA

September 29, 1972
THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU
P.C., Q.C., M.P., LL.D., F.R.S.C.
Prime Minister of Canada
"New Directions in Foreign Policy"



September 29, 1972

Left to Right: ROBERT ARMSTRONG, First Vice-President of The Empire Club; JOSEPH POTTS, President of The Empire Club; PIERRE ELLIOTT TRUDEAU, Prime Minister of Canada

September 29, 1972

Left to Right: HENRY JACKMAN, Immediate Past President of The Empire Club; SENATOR DAVID CROLL; PIERRE ELLIOTT TRUDEAU, Prime Minister of Canada; JOSEPH POTTS, President of The Empire Club.

EMPIRE CLUB
CANADA
Homage to A.Y. Jackson

October 5, 1972
JOHN FISHER, S.M., LL.D.
Former Commissioner
National Centennial Administration
"Homage to A.Y. Jackson"

October 12, 1972
A. DAVIDSON
DUNTON,
C.C., D.SC., LL.D.
Chairman, Ontario
Press Council
"Newspapers and You"

October 19, 1972

THE HONOURABLE ROBERT L. STANFIELD

P.C., Q.C., M.P., LL.D.

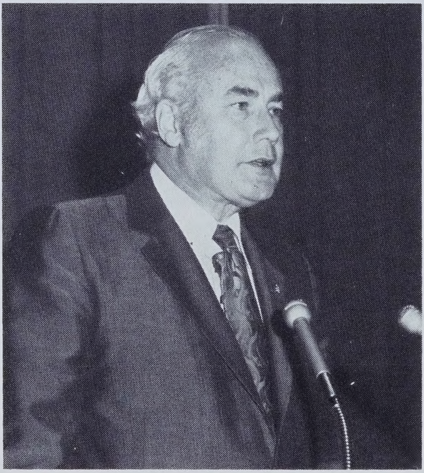
Leader of the Progressive Conservative
Party of Canada and Leader of the Opposition

"New Directions in Economic Policy"

October 19, 1972

Left to Right: ARTHUR PATILLO, Past-President, Canadian Bar Association; IAN CROOKSTON, President, Nesbitt Thompson and Company Limited; THOMAS BOYLES, Chairman of Board of Bank of Nova Scotia

October 26, 1972
DONALD MACDONALD,
LL.D.
President,
Canadian
Labour Congress
*"Canadian
Labour-Today"*



November 2, 1972
JAMES WORRALL,
Q.C., B.SC.
Member, International
Olympic Committee
"Message of Munich"

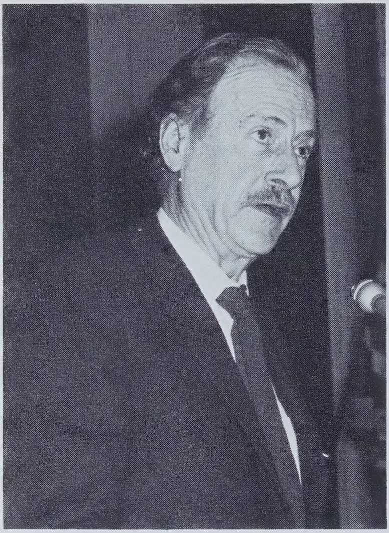
EMPIRE CLUB
CANADA

November 9, 1972

RÉAL CAOUETTE, M.P.

Leader of The Social Credit Party of Canada

"Free Enterprise in Canada"

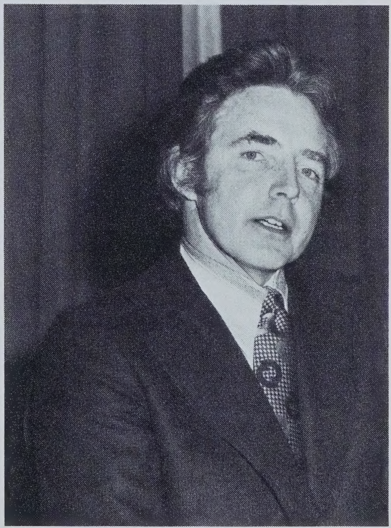


November 16, 1972
PROFESSOR
H. MARSHALL MCLUHAN,
C.C., M.A., PH.D.
Director,
Centre for Culture
and Technology
University of Toronto
*"The End of the
Work Ethic"*

November 23, 1972
ALDERMAN
DAVID E. CROMBIE
*"The Next Mayor
of Toronto"*

November 30, 1972
THE HONOURABLE
RICHARD B. HATFIELD,
M.L.A., LL.B.
Premier of
New Brunswick
*"Optimism for
the Future"*

December 7, 1972
THE HONOURABLE
MR. JUSTICE
PATRICK HARTT
Chairman,
Law Reform Commission
of Canada
*"Law Reform and the
Transitional Man"*



December 13, 1972

The Christmas Luncheon

Guest of Honour

The Club's Honorary Vice-President

THE HONOURABLE W. ROSS MACDONALD

P.C., C.D., Q.C., LL.D.

Lieutenant-Governor of Ontario

December 13, 1972
The Christmas Luncheon
The President Introduces Some
Children to the Lieutenant-Governor

December 13, 1972
The Christmas Luncheon
The Traditional Parade of the Flaming Pudding

January 11, 1973
DAVID LEWIS,
Q.C., M.P.
Leader of the
New Democratic
Party of Canada
''Enough is Enough''

EMPIRE CLUB
CANADA

January 18, 1973
The Honourable
Robert Bourassa
M.N.A., L.L.M., M.A.
Prime Minister of Quebec
*"Inter-Provincial and
Federal-Provincial
Relations"*

February 1, 1973
ANDRÉ RAYNAULD, DR. DE L'U., F.R.C.S.
Chairman, Economic Council of Canada
"Distribution of Income in Canada"

EMPIRE CLUB

February 8, 1973
CLAUDE RYAN
Publisher,
Le Devoir
"The Price of Unity"

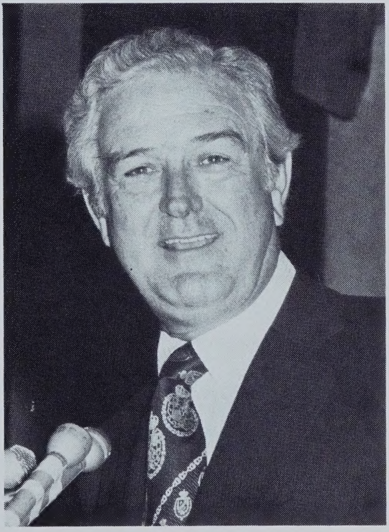
February 15, 1973
MAXWELL W. WARD
President,
Wardair Canada Limited
"Competition and International Commercial Transportation"

February 22, 1973
DAVID G. STEUART,
M.L.A.
Leader of the
Liberal Party and
Leader of the Opposition,
Province of Saskatchewan
"The Politics of Western Canada: Revolt or Reform"

March 1, 1973
LIEUTENANT-COLONEL
A. PICKERING, C.D.
Maritime Command,
Canadian
Armed Forces
*"Action '73—Canadian
Maritime Forces—
Aircraft, Ships,
and Submarines"*

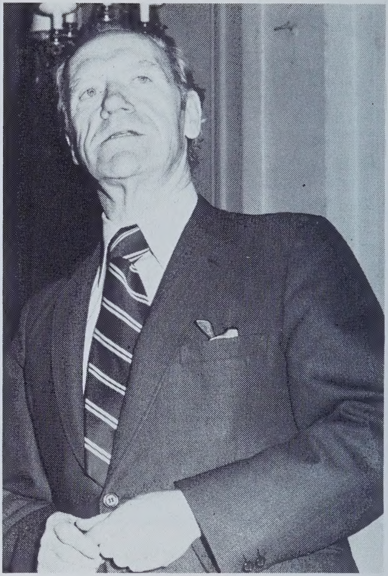
March 8, 1973
ROBERT S. MCNAMARA,
M.B.A., LL.D.
President,
The World Bank
*"The World Bank
and Redevelopment"*

March 15, 1973
JOHN J. DEUTSCH,
C.C., LL.D., F.R.S.C.
Principal and
Vice-Chancellor,
Queen's University
"Universities Today and Tomorrow"



March 19, 1973
THE HONOURABLE
JOHN B. CONNALLY
Former Secretary,
United States Treasury
Former Governor,
State of Texas
"Our World of 1973"

March 22, 1973
THE HONOURABLE
MITCHELL W. SHARP,
P.C., M.P.
Secretary of State
for External Affairs
"Vietnam"



April 5, 1973
MARGARET ATWOOD
Writer in Residence
University of Toronto
"Getting Out from Under"

April 10, 1973

Dinner Meeting, Great Hall, Hart House

His Excellency Joseph Luns, O.O.N., Hon. G.C.M.G., Hon. C.H.

Secretary General of NATO

"The North Atlantic Treaty Organization"

April 12, 1973

JAMES D. SLATER, F.C.A.

Chairman, Slater, Walker Securities Limited

"The Slater Walker Formula"

April 19, 1973

The Right Honourable Errol W. Barrow

P.C., M.P., B.SC., D.C.L.

Prime Minister

Minister of Finance and of

External Affairs, Barbados

''Commonwealth—The Strategy of the New Deployment''

April 26, 1973
FLORA MACDONALD
M.P., Kingston and the Islands
''Aboriginal Right: Let's Face It''

May 7, 1973

THE HONOURABLE E. PETER LOUGHEED

M.L.A., LL.B., M.B.A.

Premier of Alberta

"Essentials for a New Canadian Industrial Policy"

The magnificent silver cigar box presented by the Province of Ontario on the Club's Sixtieth Anniversary.

obligation to "public interest" have long since been replaced by political considerations and political convenience, and political convenience is always construed as "public interest". The politician is concerned with feeding the political machine and I am afraid a lot less concerned with the consumer cost of air transportation.

If a Canadian scheduled air carrier loses money on international routes because there is competition, and he does, he can effectively increase airfares on domestic routes and compensate for that loss.

In conclusion, let me assure you, ladies and gentlemen, if the Canadian Government policy of directly or indirectly permitting the cross-subsidization of international non-protected routes is permitted to continue and if the air transport industry is burdened with costly operations of airport edifices being built for political purposes, the airline industry will lose both its incentive and its capability to compete internationally and all it will be doing is following the route of the international marine transportation.

Thank you, gentlemen.

Mr. Ward was thanked on behalf of The Empire Club by Mr. R. Bredin Stapells, a Past President of the Club.

MR. STAPELLS:

You know when you talk in terms of competition I always figure that one way of describing it is that the buyer is betting on somebody, which reminds me of the story of the U.S. draftee who, for some reason or other, kept appearing down before the Medical Board and was never accepted by the Medical Board and when asked about that he said he just couldn't understand it because he was a big strapping lad and in very good shape. He said, "As a matter of fact, every time I go down there I am so sure that I am going to pass that I bet the doctor $300 that I am going to be accepted."

As far as I am concerned what we have heard from Mr. Ward today indicates that many thousands of Canadian passengers have bet on Mr. Ward and his organization and that they are going to continue to do so and, notwithstanding the political influences we've heard about, even Air Canada to a small little bet has decided to bet on Mr. Ward as well.

On behalf of all of you I would like to extend our thanks to Mr. Ward for coming to us in these trying times for him.

Thank you very much.

FEBRUARY 22, 1973

The Politics of Western Canada: Revolt or Reform

AN ADDRESS BY David G. Steuart, M.L.A.,
LEADER OF THE LIBERAL PARTY
AND LEADER OF THE OPPOSITION,
PROVINCE OF SASKATCHEWAN

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

Permit me at this time to raise a point of privilege. The Toronto *Sun,* in its edition of February 20, published some scurrilous remarks which to say the least brought into disrepute the character and reputation of your President which can only reflect on the Club and I quote:

> "Wardair boss, Max Ward of Edmonton, took only thirteen minutes to deliver his electrifying speech, attacking the political handling of Canada's air problems at Thursday's Empire Club luncheon . . . four minutes less than president Joe Potts of the Club took to introduce him!"

I categorically deny the accuracy of the report, although I plead guilty to the fact that I spoke longer than I normally do. According to my watch I commenced to introduce the head table at one minute past one and completed that along with the introduction of Mr. Ward at ten minutes past one, a total of nine minutes. Let us have the record straight.

It is difficult to understand what motivated the columnist to make such an unfounded allegation. Perhaps it was by reason of the fact that in the course of my introduction I quoted excerpts from Alexander Graham Bell's speech to the Club in 1917 which included the following:

> "You see, America is a country of inventors; and the greatest of the inventors are the newspaper men."

The columnist obviously took umbrage at this quotation but in so doing merely confirmed its accuracy.

As previously mentioned last Thursday we welcomed our first voice from the west during that season, in the person of Max Ward, who was indeed a harbinger of spring and of great things to come.

I am particularly delighted today to welcome another guest from the west, David Steuart, Leader of the Liberal Party and of Her Majesty's Loyal Opposition in the Province of Saskatchewan.

Indeed, I think I should confess that I am very biased in favour of our guest. Not, may I hasten to assure you, by reason of his political affiliation, since, in the finest traditions of The Empire Club, it would be highly improper of me to disclose, directly, or indirectly, any political preference.

No, my bias originates from geographical considerations, for I had the honour, the distinction, the privilege—yes, and the pleasure of being born, as was our guest, in the exciting Province of Saskatchewan.

To know Saskatchewan is to love Saskatchewan, but to know it you really have to be born or at least to have lived there for a considerable period of time. I really feel sorry for people who fly over Saskatchewan or merely pass through it on one of the transcontinental trains. I'm sure that 99% of them conclude that anyone who lives on that bold prairie must be stark raving mad. Let me assure you that such is not the case although some expatriates may tend to confirm the impression.

Let me give you a glimpse of Saskatchewan like it really is: Two summers ago I went back on a camping trip with our family. We paid a visit to beautiful Lake Waskesiu in Prince Albert National Park. During our first night we had visitors which my 14 year old daughter reported in the log of the trip in the following terms:

> ''Last nite in the wee dark hours, when monsters and goblins (and bears!) . . . yes and bears! are crawling around, Robbie (who with other children was sleeping in the bus) woke up ''I think I heard a bear'' (reason being that there was a noise in the kitchen, it was too late for Potts' to be up, a burglar wouldn't make so much noise, and there was nothing to steal) but surprise, surprise! There wasn't one. But a few minutes later, another noise—and here are the 'bear' facts if you can 'bear' it. Steathily she gets up aha! two bears. This is too much, she has to share her discovery, Robert won't wake up but Gordie does and wakes up Rich. After watching the bear eat away at our cooler, Richard notices some movements in the tent. Oh, no''. Someone must have to powder their nose or something! And when they come out, chomp! Goodbye, guy! With great presence of mind (actually Rich and Gord told her to) she called out ''whoever is moving in the tent don't come out, there's a bear!'' This is repeated and mom replies from the tent ''I know!'' With all these weird noises the bears get scared and go down the road. Bravely our father got out of the tent and looked at the damage. Missing—porkchops, some butter, and some gouda cheese. But the eggs and everything else were fine.''

> And later the next day—

> ''Finally they could go fishing and Gordie caught 3 pike, the only fish. Mom figures, with the time and money spent for fishing, that the fish cost about $50 a pound. During their trips to fishing places they saw a loon, a moose, a fox, a beaver, some deer and an eagle who dived to the surface of the water and then flew back up carrying a large pike. It was raining all morning and all the kids fishing got soaked. Dad took down the tent, packed in the rain and this made him abnormally cheerful because he finally had some excite-

> ment, and hardship so he could show off the skills he learned in scouts and in the army."

But it's not all fishing and frolicking with bears in Saskatchewan. That province faces problems and frustrations which many of us in the east fail to appreciate. The disenchantment is rooted in national economic policies that were framed decades ago.

The Prime Minister of Canada is beginning to indicate an awareness of this disenchantment—he certainly has more than just a personal and passing interest in so doing. In a speech last week he said:

> "The government must develop a new national policy which will result in the people of the west feeling that they have western power in the nation's capital."

Our guest today is well qualified to interpret the mood of the west and to assist in the development of such new national policies.

He is a distinguished son of Saskatchewan, having been born in Regina and having served overseas in the last war as a navigator with the RCAF. He was elected as an Alderman in Prince Albert in 1951 and five years later was elected Mayor, a position he held for four years.

He was President of the Saskatchewan Liberal Association and was first elected to the Saskatchewan Legislature in 1962, and re-elected in '64, '67, and '71. During the seven year period commencing in 1964 he held several cabinet posts, including those of Provincial Treasurer and Deputy Premier.

He succeeded the late Ross Thatcher as Leader of the Liberal Party of Saskatchewan and as Leader of Her Majesty's Loyal Opposition.

Ladies and gentlemen—it's a great honor to present to you David Steuart who will address us on the subject "The Politics of Western Canada: Revolt or Reform."

MR. DAVID G. STEUART:

It always baffles me why these ex-Saskatchewan people tell you they love us so much I always wonder why the hell they left us.

I was very thrilled when I signed your guest book and found that I was only five names down from that other great Liberal, David Lewis. And twenty-five names down from that other great politician, John Diefenbaker, who shares my Prince Albert seat with me. He gets a much bigger share than I do I can tell you but I have a story I have told many times in Saskatchewan, and it's a true story, about John Diefenbaker. When I was the Mayor he became the Prime Minister of the country, an event the country and Prince Albert both survived, just barely I can tell you, especially Prince Albert with me being Mayor. John and I actually lived on the same street and there was a large house, a red brick house, between where John lives and where I lived and it became vacant and some people rented it and they ran what was called a Northern Nursing Home. We have a great many Indian Reservations north of Prince Albert and the function of this Northern Nursing Home was to bring the Indian ladies south when they were expecting a blessed event and lodge them in the house until the time came and stay there for a few days afterwards and then go back up north. And after the house had been operating for a while someone started a rumour that there were no two men in Canada had more Indian women pregnant between them than John Diefenbaker and Dave Steuart. Worthwhile for John—he's been getting the Indian vote ever since—but somehow it backfired on me.

Very pleased to have Barry Pepper here. It's true—Barry Pepper was my pilot during the war and we flew out of Ireland and believe me if you've got to fight a war, at that time Ireland was the place to fight it out of. It's a little different now. Barry and I really never found out how tough the Germans were but I'll tell you those Irish girls put up a terrible fight.

Ladies and gentlemen—

Canadians may be the first people in history to lose their country as well as their political and economic system by default.

It took us one hundred years to create our own distinctive flag but if we don't have the intestinal fortitude to wave it once in a while that flag may outlast the country.

With the exception of short periods during world wars, and for ten minutes after Canada beat Russia in the hockey series, most Canadians seem half ashamed to show any patriotism.

In a similar way we have a guilty conscience about our political and economic success.

In truth we are one of the most politically successful people in the world, we change governments regularly, we hardly ever shoot a politician, and we show great concern for the disadvantaged and the minorities in our society.

Our economic system has provided us with one of the highest standards of living in the world.

A quick count of our blessings shows us to be one of the most fortunate people on the face of the earth.

In spite of this, few people seem inclined to sing the praises of our nation and fewer still raise their voice in defense of our economic system.

This indifference to the state of our nation and the lack of concern about the well being of our economic system could bring on the break-down of both.

Most of this indifference is centered right here in Ontario and the greatest sinners of all, I think, are the citizens of Toronto.

If our country breaks up and our economic system breaks down, Central Canada must shoulder most of the blame.

Mr. Chairman, honoured guests, ladies and gentlemen, I would now like to thank you for inviting me here to tell you what terrible people you are and exactly how to mend your ways.

I'm sure most of you are becoming convinced that the great national pastime in the Maritimes, Quebec and Western Canada is blaming all their troubles on Ontario in general, and Toronto in particular.

We in Saskatchewan don't feel that way, we only blame you for 60% of our problems, Ottawa looks after the other 40%.

For the next few minutes I'm going to describe Canada through the eyes of a western prairie resident and you be the judge.

I will also try and show that most western discontent is unnecessary, it is poor politics on your part and is actually costing you money.

Let's begin by finding out what we are unhappy about.

What is the cause of western alienation and discontent?

What does the west really want?

I will tell you one thing, we are not, I repeat, not, angry because we have a French-Canadian Prime Minister.

Some eastern writers decided that Pierre Trudeau's defeat in the west was an anti-French backlash.

This is nonsense!! The federal liberals have only won one election in Western Canada in the last forty years and that was by Louis St. Laurent, and he wasn't even half Irish.

The only other modern politician to win the west was John Diefenbaker who blamed all our troubles on Bay Street, the C.P.R., and other unnamed but nefarious characters.

We knew he was right on so we gave him every seat west of Ontario.

The fact is that most of our successful federal politicians are either hell-raising Tories who hate the east, or radical N.D.P.'s who hate everybody.

Now what is the answer?

Are we just trouble-making stubble jumping hayseeds that don't know any better, or have we some real problems?

I say our complaints are real, they are serious and long standing.

We live by selling wheat and oats and barley and pigs and cows and potash and oil and uranium and copper and a few other odds and ends.

Now most of these commodities are sold on the open markets of the world and we have to take the going price.

But when we come to buy our cars, and our stoves, and televisions and refrigerators, and our clothes, and most other essentials, we are forced to buy in Canada at higher prices protected by tariffs.

The eastern attitude to Alberta's decision to raise the price of natural gas and oil is rather interesting, for the first time the shoe is on the other foot. And I can tell you you are not getting much sympathy in Western Canada.

If we could erase the 49th parallel, our standard of living would go up overnight by 10 or 20%.

For example, let's look at freight rates.

I mention these to you today at the risk of being accused of dragging out another cliched complaint out of the closet.

But the problem of freight rates is a very clear injustice in the minds of Western Canadians.

I will use two examples.

You can actually ship canned food from Toronto to Vancouver on the C.N.R. or C.P.R. for $2.06 per 100 pounds.

And yet it costs $2.14 to ship the same amount of goods to the City of Regina.

In other words it is 8 cents cheaper to send canned foodstuffs 875 miles further on the same railroad tracks by the same railroad company.

Now that may seem logical to the railroads, but it certainly baffles the minds of westerners.

Another piece of railroad logic concerns our pulp industry in Saskatchewan.

When they ship to the Eastern United States they are classed as western mills and pay a higher rate than Ontario pulp mills, but when they ship to the west coast of the United States they are classed as eastern mills and pay a higher rate than those pulp mills in British Columbia.

Incredible as it may seem, we get the worst of both worlds.

Financial institutions continue to be a sore spot in the west; they are all headquartered in central Canada and appear too often to be unaware and unsympathetic to our problem.

Let's take another illustration.

An examination of the boards of directors of Canada's ten largest corporations shows that they have a total of 151 directors.

Of these only eight are from the four western provinces.

Eight out of 151—less than 6% of the directors for 27% of the population.

Most of these companies haven't even bothered to put a token westerner on their board.

Imperial Oil, for example, 18 board members, none from Western Canada, yet that's where they get a great deal of their product.

Massey-Ferguson has 17 board members but not one from the west where they sell most of their product. Other implement companies are as bad.

If their tractors are as poor as their public relations, God help the western farmers.

General Motors, Ford and Chrysler of Canada have a total of 30 directors but they couldn't find anyone west of Ontario smart enough to sit on any one of their boards of directors.

Incidentally, the Maritimes have only 2 out of the same 151.

But before you jump to the conclusion that the other 141 directors are Canadians from Ontario or Quebec, you would be wrong.

Thirty-seven of these men, and they are all men incidentally, are not even Canadians, so the foreigners on our largest corporate boards outnumber Western Canadians by five to one, and the Maritimers by nineteen to one.

They don't consult us, they just charge whatever the market will bear and they ignore us.

I tell you, and I warn them, that time is running out and so is our patience.

But private firms are by no means the only ones who take more out of the west than they put in.

The federal government is also guilty.

The Honourable James Richardson, formerly Federal Minister of Supply and Services, recently pointed out the inequities of the manner in which Ottawa does its purchasing.

That department is one of the largest organizations in

Canada, buying more than one billion dollars worth of goods annually.

Its operations affect the lives of many Canadian companies, large and small.

If we examine the figures for federal government purchasing which has actually taken place over the last six years, we find that only 10% of these purchases were made in the west where we have 27% of the population.

The national government does not buy in equal measure nor anything approaching equal measure from all citizens or taxpayers in this country.

It is not difficult to imagine the feelings of Saskatchewan citizens as they watch federal offices in Regina for example, being furnished with products made in Ontario or Quebec, instead of similar items priced competitively and made in the west.

The west generally—and in particular the provinces of Saskatchewan and Manitoba—has another grievance with the rest of Canada.

It concerns representation in the House of Commons.

Earlier this month the Federal Electoral Boundaries Commission announced that Saskatchewan's representation in the House of Commons will go down from 13 to 12.

A similar reduction will take place in Manitoba.

Now on the surface this may not appear to be a very terrible or unfair thing, but statistics tell an interesting story.

We have 915,000 people.

Each of our 12 members of parliament will represent about 76,000 people.

In the province of Prince Edward Island their M.P.'s each represent only 28,000 people, or one third the number ours do.

In addition to this the Saskatchewan constituencies are, on the average, about 21 thousand square miles, while the Prince Edward Island ridings are, on the average, a little over a square mile.

Now this is not to suggest that the people of P.E.I. should have fewer representatives in Ottawa.

We recognize the wisdom in the British North America Act which ensures them the number of seats they have.

But on the other hand the feeling of injustice in the minds of Saskatchewan and Manitoba people is understandable when our representation in the House of Commons is decreasing.

Why are there no provisions for us in the B.N.A. Act?

The fact is, electoral distribution in Canada works against the west and our voice in Ottawa grows weaker at a time when the feeling that we have little say in national affairs is growing stronger.

Now I could go on citing Western grievances both real and imaginary but I hope I have made the point that in fact we do have some legitimate complaints about our position in confederation.

In fairness, I would like to point out that some significant advances have been made in rectifying the wrongs that have troubled the west.

We have had recognition for a few of our problems.

The new two-price system for wheat is a good example.

Under this plan, we get an extra dollar a bushel for wheat consumed in Canada which puts us on a more equitable basis with eastern manufacturers.

The federal government recently purchased 2000 hopper cars at a cost of $42 million to be used exclusively to move our grain to market.

In an effort to decentralize the departments of the national government, it was announced some time ago that the mint would be moved from Ottawa to Winnipeg.

The central government has also made very large contributions and continues to make them, to those provinces who are economically below the national average.

Saskatchewan is a major recipient of these equalization payments.

This was illustrated very clearly when the Saskatchewan government brought down its 1972-73 budget two weeks ago.

Actually over 40% of all Saskatchewan revenue in that budget will be coming directly from the government in Ottawa.

The reference in the federal throne speech to the problems of Western Canada and the decision to hold a western economic conference is another example of the new-found interest and concern for the west.

So it can be said with a great deal of truth that while western Canadians have a large number of legitimate complaints, the rest of the country seems to be moving in a direction to rectify at least some of them.

However, I don't think that the current attitude of western citizens is one of gratitude towards central Canada for finally beginning to listen to their complaints.

They regard such things as the two-price system as something that should have happened a long time ago.

They want to be able to control their own destiny, but all too frequently they feel that their lives are being run and decisions are being made for them in Ottawa, in Toronto and in Montreal.

I said most western discontent is unnecessary.

Over the years Western Canada has fought for free trade; the east has successfully opposed it.

Your secondary industries cannot continue to live on Canadian markets alone, they must have access to vast new markets.

We must throw off the branch-plant outlook in our economy.

Free trade will hurt some of your industries but those that survive, I think, will make up for the loss.

The whole country will emerge stronger and more prosperous.

The government of this country must force the railroads to give Western Canada an equitable deal.

Unfair freight rates have done more to kill industrialization in Western Canada than any other factor.

These unrealistic rates make the balance sheet of the railroads look good but don't be under any illusion that you, the people of Ontario, are not paying the price.

Viable industry in the west would mean increased population, more good customers for eastern factories.

Recently the federal government has spent millions of dollars to help establish industries in the west and the Maritimes.

A great many of these plans are like trying to make water run uphill, it's possible, but I don't think it is worth the effort.

Give us fair freight rates and keep out subsidies; most of these hot house industries will fail as soon as the pump priming is finished.

Since Ontario produces the largest percentage of our tax dollar you, in effect, are paying the biggest share of the cost of these programs.

Almost all of Canada's major corporations have their head offices in Toronto or Montreal. Put some pressure on them to bring the west into the board rooms in a meaningful way.

You would be surprised how smart some of those farmers are.

They have even managed to make a living in spite of the east, the railroads and the politicians.

It's damned nonsense and it's poor business for companies doing business in Western Canada to act as if we had nothing to offer in the way of guidance or advice.

Tell your members of parliament to show a little statesmanship and move some of the government action to the Maritimes and out west.

We don't want to break the country up—we would just like a few of those high-priced civil servants living and spending their money in the west.

Why do all of the important offices of the federal government have to be in Ottawa, Toronto, or Montreal?

I'll tell you why. Mainly because the bureaucrats say they do; no self-respecting federal minister or deputy minister could ever imagine himself working in Regina or Fredericton.

Well, I suggested to Prime Minister Trudeau, when he was out west, that he should clean house in the top two or three layers of the bureaucrats if he wanted to strike a real blow for democracy.

Maybe threatening to move them to the wild west would have the same effect.

No matter how it is accomplished the west is not satisfied to continue having all the political and governmental decisions and powers located in central Canada.

A particular piece of eastern arrogance in this regard was recently displayed by Charles Lynch.

Writing an article about western discontent as shown in the October election he said he had a feeling that we wanted more of the west for westerners.

In this Mr. Lynch was right but then he went on to say this, and I quote:

> "In other words, a downgrading of Canadianism in favour of regionalism, reflecting rejection of the idea of a strong central government and indifference toward what we used to call 'The Quebec Problem'."

Surely, Mr. Chairman, moving some government departments or agencies such as the Mint, to Western Canada is not downgrading Canadianism.

All we want is a reasonable share.

We believe that these changes would make the country stronger and the central government more secure.

In a similar vein, we must take a new look at our political institutions.

The smaller provinces must be given more political power, they are not asking for equality with Ontario or with Quebec but they will not continue to accept the status of colonial outposts much longer.

These changes may be difficult but they are not impossible; and an honest start on them would go a long way toward alleviating western unrest.

I said this unhappy situation is costing you money and it is.

How many of you know what the following federal programs really mean, DREE, FRED, PEP, BEAM, CAP and DIP. They are all federal programs.

These alphabetical nightmares were dreamed up by bureaucrats in Ottawa.

I'll tell you, they are band-aid approaches to the real problem of regional disparity but they cost you millions of dollars.

As I pointed out before, a growing, prosperous west will put money in your pockets, not drain away your tax dollars as is now the case.

Let me talk for a minute about the politics of the west and how I think they will affect you.

The N.D.P. now governs three out of the four western provinces.

The N.D.P. is a socialist party and it intends to change our economic system at the first opportunity.

How did it become so powerful in the west?

Are all our farmers really socialists at heart?

Not on your life! The western farmer is a fierce individualist and down deep in his heart he is an out and out capitalist.

He votes N.D.P. not because of its socialist philosophy but in spite of it.

A great many of the N.D.P. supporters see in that party the only real champion of the west.

When the N.D.P. attacks the C.P.R. or the banks or the machine companies, it is music to the ears of the western Canadians especially rural western Canadians.

They don't really sort out the fine points to discover that the N.D.P. wants to do away with these corporations and replace them with government monopolies.

They have become so frustrated over the years that any enemy of their enemy is their friend.

In case you think that little virus the N.D.P. can't spread to Ontario and Quebec and then to Ottawa, let me remind you that we once thought we had it contained in Saskatchewan.

But thanks in great measure to western discontent and frustration with eastern domination, the N.D.P. has become a credible national political movement.

That's why I say ignoring our legitimate complaints is poor politics on your part.

You may wake up and find that you have lost your freedom of enterprise on the way to the next election.

The answer has to be involvement.

If freedom of enterprise is to survive, you've got to come out of your offices, you've got to come out of the board rooms and you have to get involved in the real problems of this country.

And this means looking beyond the boundaries of central Canada.

There is another and possibly even more serious result of the west's unhappiness over their position in confederation and this could result in the actual break-up of the country.

Let me state very clearly that there is little sentiment in western Canada to pull out of confederation.

Separatism is not a serious factor in our provinces.

However, it unfortunately is true that there is a growing feeling against making any further accommodations to keep Quebec or any other part of the country in confederation.

I said earlier that there was no great anti-French backlash in the west, but there is some, and when it is added to the anti-eastern feeling you have a measurable political force that is a potential danger to our nationhood.

There are a large number of western people who lump Quebec and Ontario together and would not really care if either or both went their own way.

That's what I meant when I said we could lose this country by default.

Why do we preach to you?

Why do we continually preach to Ontario?

Because I say you hold the key to changing our political and our economic systems and changing our economic institutions that have brought about this frustration and apathy about our country and about our way of life.

You also have the most to gain by holding this country together and virtually the most to lose if it breaks up.

If you don't believe me just look around. Look around the province, look around this country.

Ontario has the highest per capita income in this nation. You've got the finest schools, the finest hospitals and the finest universities.

You have better roads, more parks, and finer cultural centres.

In fact by almost any measurement, Ontario leads the rest of Canada.

I suppose the easy answer is that you are smarter and more energetic than the rest of us.

I believe you would get an argument on that score from the rest of the country.

But even if you believe that the great prosperity that you enjoy is not by good luck but by good management, I say you better be careful that you don't find yourselves alone.

You may find out too late that you needed us as much or more than we need you.

The truth is, we need each other.

Although common sense has never played much of a role in deciding the course of history, surely our intelligence tells us we would be nothing alone but we can be great together.

We do have a great country, nowhere else on earth are people blessed with so much freedom, and such a high standard of living, and such a tremendous future as we have in Canada.

Equally, we have developed a good, sound economic system. Maybe it needs reform from time to time, but it suits us and it serves us well.

Friends, we have to work at being Canadians and I say it's worth the effort.

And we have to work equally hard to improve and maintain our present economic system and I say that's also worth the effort.

They are both worth fighting for but I say this to you today that unless we re-dedicate ourselves to both those tasks we could lose both our country and our way of life and we could lose them by default.

Thank you very much.

Mr. Steuart was thanked on behalf of The Empire Club by Mr. Graham M. Gore, a Past President of the Club.

MR. GORE:

It is a tradition in this Club that we provide a platform for someone who has a message to give, someone who can give it with facility and someone who will come to Toronto. Not everybody wants to come to Toronto but our speaker did. I used to think that—I would say a person, a man—now I'm not too sure whether it's going to be a man or not all the time from now on; some of the ladies may have some ideas about this year.

The hope is that the impression that our speaker gets today from our people will change a little bit of the picture which he has and that he'll go back to that great province of grain, pigs, potash and great blue skies and say that we are not as bad really down here, sir, as we are pictured.

The address has satisfied the characteristics that I have mentioned. Our speaker had a very definite message to give and there is no doubt about it, he did it with facility and he did it with force. This is a message that we have been getting for some time and it is well that it is repeated to easterners once in a while.

I can remember at university I lived with a number of people from Saskatchewan and some of them I am sure our speaker will know if I would mention their names today. But they had this same problem in those faraway days. Probably they were not explained as well to us easterners as they have been today.

I have been in the field of education as the President has said earlier on and I would say that the speaker today has been a good teacher. He had a lesson to teach. He taught it well and we will all remember it. We will remember that we of the easterners are only 60% responsible and we will let Ottawa, which is known as the capital commission, take the other 40% of the blame.

But, sir, and I don't want to take all the time that Joe took last week, I just want to tell you that we are very thankful to you for coming. We think you have done a wonderful job for your people and for this nation by pointing these things out. I hope it gets good press coverage. And, will ye no come back again? A fellow with the name Steuart knows what I mean.

MARCH 1, 1973

Action '73—Canadian Maritime Forces—Aircraft, Ships, and Submarines

ADDRESSES AND AUDIO-VISUAL PRESENTATION BY:
Cdr. D. N. MacGillivray, C.D.
Lt.-Col. A. Pickering, C.D.
Cdr. J. C. Wood, C.D.
MARITIME COMMAND,
CANADIAN ARMED FORCES

CHAIRMAN
The President,
Joseph H. Potts

MR. POTTS:

On behalf of The Empire Club and the Toronto Branch of the Naval Officers Associations of Canada, I am delighted to welcome our guests today, Col. Pickering and Commanders MacGillivray and Wood.

The Empire Club has been privileged in the past to hear addresses from at least six Ministers of National Defence—including Sir Sam Hughes, Ralph Campney, Brook Claxton, Paul Hellyer, George Pearkes and Donald MacDonald; from several Admirals of the Fleet—including Earl Jellicoe and Sir Roger Keys; from numerous Generals—including Burns, Foulkes and Simonds and from Air Marshals such as Billy Bishop.

This, however, is the first occasion when we have had the pleasure of an audio visual presentation from a three man team of officers each of whom is a specialist in his field and is either in command or has had command of operational units and which presentation was initiated, organized and developed by the National Committee of a civilian organization, The Naval Officers Associations of Canada.

NOAC for short is a fraternity of over 2,000 former Naval Officers who are members of 19 active Branches across Canada, and Toronto Branch of NOAC is co-sponsor of today's presentation.

The programme deals with operations of Maritime Command. The Command is the "unification" grouping of those of our armed forces that were formerly called the Royal Canadian Navy including its Fleet Air Arm, and the Coastal Command of the Royal Canadian Air Force.

The team leader is Lieut. Colonel Al Pickering. Colonel Pickering has been Base Operations Officer at the largest Maritime Command air facility, CFB Greenwood since June 1972. From 1969 to 1972 he commanded 404 Squadron, one of the Command's Argus-equipped Long Range Maritime Patrol squadrons based in Greenwood.

Prior to his current appointment as Commanding Officer of HMCS *Iroquois,* Commander Doch MacGillivray was employed in National Defence Headquarters on the staff of the Project Manager DDH 280. *Iroquois* was commissioned at Sorel, Quebec on July 29, 1972 and arrived in her home port of Halifax on August 15, 1972.

Since August of 1972 Commander Jim Wood has been Commander of the First Canadian Submarine Squadron based in Halifax. His previous posting was in National Defence Headquarters where he served on the staff of the Director of Equipment and Requirements Maritime as the submarine adviser.

Permit me to repeat the following lines written by Lieut. Commander William Strange, R.C.N.V.R. who addressed the Club in 1942.

"This is the job of the Navy—
To keep the sea-lanes clear,
That the ships may ply

'Neath a cloudless sky,
Forgetting the shades of fear;
That the trade which is your life, and my life,
May move, as the Lord ordained
On the waters' face,
From place to place,
Unhampered and unrestrained.

This is the job of the Navy—
To guard the edge of the land,
To the water to go
And encounter the foe—
By sea to make the stand,
That the sleep of the child may be dreamless,
And the mother's be deep and sound,
For the certain fact
That no alien act
Shall disturb our country's ground.

This is the job of the Navy—
To dare the raging gale,
To challenge the might
Of the storm's height,
And to follow the raider's trail.
To hold to the great tradition
Of the men who made us free,
To sail in the wake
Of Nelson, and Drake,
On the restless, heaving sea."

Ladies and gentlemen—Now—"Action '73—Canadian Maritime Forces—Aircraft, Ships, and Submarines".

LIEUTENANT-COLONEL PICKERING:

In looking at the Map of Canada and being absorbed by the size of the land mass, most Canadians rarely reflect on the geographic and economic effects of the three oceans and the St. Lawrence/Great Lakes System that account for more than two-thirds of our border. We are truly a maritime nation. We have the longest national coastline on this planet: 18,000 miles, equivalent to three-quarters of the circumference of the earth at the equator. With Canada's sustained drive for more exports to foreign markets beyond our continent, Canada as a trading nation is increasingly dependent on the sea.

One-third of our total exports by dollar value travel by sea. Surveillance of our fishing areas is a major requirement and there is a world-wide increase of ships at sea because of increasing numbers and because containerization has reduced in-port time for many others.

One aspect that should scare the hell out of us as Canadians is the increased number of ships involved in groundings, collisions and other natural and man-made hazards of the sea. The rate of world maritime disasters is alarming when one realizes that 377 merchant ships were lost or disappeared in 1971. More than one per day. There are literally hundreds of sinkings that are not reported by our news media. Apart from the appalling loss of life and property that is inherent in these maritime disasters, one must also consider their environmental effect on the world's oceans. Unless checked, contamination from bunker oil and other toxic cargoes must ultimately affect the fisheries and other ecological aspects of the oceans and their coasts.

Maritime command is one of six commands within the Canadian Armed Forces and our commander with headquarters in Halifax is directly responsible to the Chief of Defence Staff in Ottawa. Our command carries the total responsibility for surveillance of our vast ocean areas not only from an ecological point of view but also in ensuring that Canada is prepared for military operations on, over and under our maritime areas. This is a tall order which keeps our meager resources stretched to the limit.

Our presentation today is in three parts: Ships, Aircraft and Submarines. To start off, Commander McGillivray will describe our surface operations.

COMMANDER MACGILLIVRAY:

Ladies and gentlemen—The surface fleet operates from two bases—Halifax and Esquimalt. At the present time the fleet consists of three operational support ships, 24 destroyers ranging from the St. Laurent Class to the ultra modern new DDH 280 Class, all Canadian built, and numerous smaller warships and auxiliary vessels, utilized in training and support. As you can see the destroyer is the workhorse of this fleet. As with any navy at any given time, between 20 and 30% of our ships are under repair or refit at any one time. Ladies and gentlemen, the sea *is* cruel.

You will recall from the previous introduction slide the immense ocean areas within Canadian jurisdiction. The Defense responsibilities of the Maritime Command are diverse and exceedingly broad, especially in geographic terms. It is impressive to note that the total National responsibility to the continental shelf is 3,000,000 square miles, represented on the slide in orange, and that international responsibility brings the total to almost five million square miles. It is obvious that our small surface fleet must be deployed in an efficient manner on an around-the-clock basis, often as not in miserable weather conditions.

Internationally, Canadian Maritime surface forces are committed to NATO. At the present time, we have several ships on task with the NATO Naval Squadron in Europe and we participate annually each quarter in a variety of Operational NATO and Pacific Rim exercises and Commonwealth exercises.

Notwithstanding our primary commitment to the maintenance of peace and security, these forces are committed to a variety of peacetime roles. Among these are: surveillance, search and rescue, replenishment and support of remote areas, support of peacekeeping forces (and this slide is a picture of HMCS *Terranova* presently off the Vietnam waters), the patrol of pollution and fishing control zones, and other tasks which pertain to Canadian sovereignty and interests.

It should be remembered that warships are basically designed to fight—anti-submarine warfare, defense of shipping, support of land forces, self defense against air and subsurface attack are all basic capabilities designed into our destroyers —yet these features are fully compatible with the requirements for peacetime operations previously mentioned. The flexibility, endurance and rapid response of our surface units equip them admirably for the task of protecting Canada's sovereignty and interests, and while doing so they are, in turn, sharpening the skills which would be required in the event of an outbreak of hostilities.

There have been many firsts in the Canadian Maritime Forces, and we can often amaze our allies—and others—with a new development.

Canada now has the most modern destroyers in the world. The DDH 280 Class destroyers were designed and built in Canada. Three are now in service with the Maritime Command and the fourth will join this spring. These ships exemplify the features of flexibility, endurance and rapid response. They are the largest most complex destroyer type ever built in this country, unique in many ways, notably in propulsion and power, the combination of armaments and the Command and Control System.

From the propulsion point of view the DDH 280 is not unlike a large jet aircraft in that she is powered by four gas turbine engines. Moreover the Captain can control course and speed from the bridge by the use of a direct throttle control system. This all gas turbine system embodies the features of rapid deployment, ease of maintenance and cruising endurance, and is unique among the world's navies.

Canada pioneered and remains pre-eminent in operating large helicopters from destroyers. The DDH 280 introduces another first—the capability to operate two Seaking helicopters. This is achieved by using a double hangar for storage and maintenance and a dual version of the Canadian invention known as BEARTRAP—a device which controls the landing sequence and facilitates operating these large, ten-ton helicopters in heavy weather conditions.

The helicopter is used extensively in anti-submarine warfare work and for search and rescue, and it dramatically increases the ships' surveillance capability.

The 280 Class possess a potent punch in offensive and defensive weapon systems. The rapid fire gun, which incidentally can fire up to 42 rounds of 5″ ammunition per minute, can be employed against both surface and air targets and in support of land forces through bombardment. The Canadian Sea Sparrow missile system provides self defense against hostile aircraft and anti-ship guided missiles.

Anti-submarine weapon systems are embodied in both ship and helicopter launched homing torpedoes, and an ASW mortar. The latter being a sophisticated grandchild of the World War II depth charge.

The ships sensor systems include extensive electronic detection devices, radars, and the new sonar. This latter system including variable depth sonar—a device towed astern of the ship at selectable depths which enables us to overcome the age-old problem of detecting submarines which are hiding beneath the water temperature layer and to do this you would have to double the range. This development has been copied by every major navy in the world.

You will by now recognize the main features inherent in the DDH 280 combat systems—rapid response. This is a vital consideration in an era when warning time is measured in seconds as opposed to minutes and where attacking weapons exceed the speed of sound. Rapid response is achieved by the unique, Canadian-designed Command and Control system, which through the use of a third generation digital computer and display, integrates the ship's weapon and sensor sub-systems. This integration of all ship systems is the key to rapid response—represented in this next slide by communications and command and control at the hub. Let me emphasize one point—this computerized system does not make decisions for the Captain. It does, however, eliminate the time consuming tasks involved in receiving, sorting, correlating and plotting information and performing mathematical functions and threat analysis and presents alternatives for command decision within seconds.

Ladies and gentlemen, time does not permit me to discuss other advances made in the DDH 280 Class, such as noise reduction, better habitability, damage control and ability to operate in nuclear fallout. Suffice to say significant progress has been made in all of these areas.

As a concluding thought let me say that these ships represent a Canadian creation in which to take pride of achievement and to give confidence in our abilities.

It takes a variety of ships, aircraft and submarines to make a truly effective team—Colonel Pickering will now continue with a brief on air operations.

LIEUTENANT-COLONEL PICKERING:

As already mentioned, Maritime Command is responsible for a very large area around Canada. When large areas must be covered frequently, aircraft are the obvious answer. The aircraft will detect, photograph and report in the case of commercial or unusual activities, or follow and report naval ships and submarines which may be found in our areas of interest.

To conduct this aerial surveillance, we have a total of 32 Argus aircraft: 18 based at Greenwood, N.S., 8 at Summerside, P.E.I. and 6 at Comox, B.C., and 33 Tracker aircraft at Shearwater, N.S. for short range patrols. The Argus is a complex weapon system filled with electronic equipment for detecting and tracking submarines and armed with homing torpedoes and depth bombs. It has a crew of fifteen—three pilots, four navigators, six observers, two flight engineers. Of the 32 Argus, approximately half are available for operations on any given day, the remainder being on overhauls, inspection or unserviceable for engine or detection system problems. And a similar ratio applies to the trackers.

Our ocean patrols are conducted to gather intelligence, as well as monitor shipping and fishing. We must know how a potential enemy conducts his *normal* operations with his ships and submarines, so we can tell when he starts something unusual. For example, the first time Soviet naval ships sailed through our area enroute to Cuba, there was some excitement! Of course, we are also interested in what our friends are doing in our waters.

Our squadrons are involved in regular ocean patrols in one area and they are deployed to Iceland, Norway, the United Kingdom, and the Azores in support of NATO. They also participate in NATO and Canadian/US exercises, flying from our own bases or from those of our allies.

With respect to non-military activities, approximately 1,000 trawlers operate off our east coast in summer but only 150 are Canadian. Naturally the numbers are slightly lower in winter. In 1971 our patrols reported 75 suspected fishing and territorial violations, and 32 oil pollution violations off the east coast. And we have just been advised that the captain and owners of a foreign ship were found guilty of pollution in international waters based on photographs and evidence submitted by an Argus crew two years ago. The law is slow, but we are getting results.

Now let me turn to the north. We have often been asked: "Why do you patrol the Arctic? With all the ice and snow, there cannot be much activity in such a large area." It is true to say that there is *relatively* little activity but Canadians must know what is happening in the north. For example, the USS *Skate* appeared at the North Pole in 1959, a Royal Navy nuclear submarine *Dreadnaught* was there in 1969, and I would be surprised if there haven't been others. In 1969, the *Manhattan* made its voyage across the north, accompanied by one of our icebreakers. Drilling rigs and camps are appearing in the Arctic as exploration for oil and minerals expands in that area. If we are to maintain our sovereignty, we must see and be seen, and remain in control. Search and rescue is another job we perform.

As a result of having an Argus in Frobisher Bay after a northern patrol last fall, we were able to respond immediately when word was received that a civilian aircraft was missing. The aircraft was found within two hours and a helicopter was directed to the crash site to pick up the survivors.

Here are a few typical northern patrols, each lasting from 15 to 18 hours and covering about 3500 nautical miles:

> Starting from Greenwood or Summerside, a coastal patrol is conducted along the Labrador coast, followed by surveillance of a Soviet fishing fleet off Baffin Island with a landing at Frobisher Bay. This flight covers Ellesmere Island, while this one goes to Yellowknife before a return flight over the Mid-Arctic to home base; the crew is away for five to seven days on this type of patrol. As you can see, similar flights are conducted in the western Arctic. Our limited resources and other commitments allow us to conduct only four patrol series such as this per month.

Now let me discuss some of the problems we face.

First, our surface ships are thin-skinned and because of ice conditions, cannot operate above 60° North Latitude for much of a year. When you think about it, 60° North touches the south tip of Greenland in the Atlantic, and in the west is the boundary between the provinces and our Northern Territories, not really very far north. Until we receive some ice-capable ships we must rely on aircraft in the Arctic. Unfortunately, a lack of suitable airfields hampers our Arctic operations. Very few fields are suitable for use by the Argus which requires a paved runway approximately 7000 feet long, extra high octane fuel, accommodations for 25 men, including ground crew, and a heated hangar for winter operations. Although it isn't perfect, Frobisher Bay is our *only* year-round operating base in the north. Yellowknife may be used in the summer, but because it does not have a hangar, Edmonton or Cold Lake must be used in the winter and this results in a very long trip before we get to our actual patrol area. Inuvik does not have our gasoline and its runway is too short, and Resolute Bay has a gravel runway. The Americans have year-round airfields at Thule and Sondestrom in Greenland and Point Barrow in Alaska, but to use those fields hardly seems to serve the interests of Canadian sovereignty. We desperately need an airfield with adequate facilities in the central Arctic. Resolute Bay could meet the requirements if the runway was paved and fuel and a hangar provided.

As with everyone else, our basic problem is the Arctic winter. On the ground it is cold, dark and usually windy. In the air the same problems exist with darkness being paramount. Half of the Arctic terrain is extremely mountainous and the main means of detection is visual, so darkness has a more significant effect on northern operations than those conducted farther south. Fog and low clouds make our task difficult. Present radars cannot be reliably used to differentiate between sea, ice, coastlines or mountains so winter operations besides having about them an element of risk are not completely productive.

We have a problem with reliable long range communications that must be solved.

Aerial navigation is a problem. We fly in an area where the magnetic compass cannot be used; in fact, we often fly north of the North Magnetic Pole which happens to be west of Resolute Bay. We will have better navigation systems in our new aircraft, but we must make do with older and less accurate systems in the meantime.

The picture I have painted is not too bleak. There is no question we have problems, but with your support we will overcome them. A central airfield in the Arctic and a new aircraft will eliminate many of our difficulties. In the meantime, the air and ground crews continue to do their best. We bow to no one!

And now, Commander Wood will present the submarine picture.

COMMANDER WOOD:

Ladies and gentlemen, you may be surprised to learn that there are 839 submarines in service in the collective navies of the world today. Of this total, 218 are nuclear powered. The 70% of our planet that is covered in water is accessible to most of these submarines. The only exception being those areas of heavy ice cover where only the nuclear submarine can proceed with impunity.

> The nuclear submarine of today is a formidable warship. Submerged speeds as high as 30 knots in some cases. Submerged endurance up to several months. Diving depths well in excess of 1500 feet and weapons ranges measured in thousands of miles. Submarines with displacement of 8,000 tons are at sea today and submarines of up to 12,000 tons with diving depths of several thousand feet are on the drawing boards and will be at sea in the 1980's.

This quick sketch of the world submarine situation should give you a good appreciation of the sub-surface surveillance problem that faces the Maritime Command today. Non-friendly submarines, many of them modern missile-firing and nuclear powered, are patrolling at sea off our coasts at this moment. They were there yesterday and they will be there for many tomorrows. This picture of a Russian missile-firing submarine was taken off Halifax within the last few months when she rendezvoused with Russian surface ships. There is nothing in international or maritime law which prevents this as they are not violating our territorial waters. However, it is important that Canada knows where these submarines are, how many of them there are and what they are doing in our areas of maritime responsibility. It follows then that we must have the capability to detect and track submarines. This is one of the roles of the Maritime Command and it is in this area that our submarines play an important part. We do not possess a large submarine fleet by any standard—four submarines in all—three at Halifax and one at Esquimalt.

Our Halifax-based submarines are the British "O" Class and all were built in the late 1960's. They are 295 feet in length, 26 feet in beam and displace 2,100 tons. Their diving depth is in excess of 500 feet and they carry the latest electronic equipment and long range sonar. Each is fitted with 8 torpedo tubes—6 forward and 2 aft—all capable of firing the electric homing torpedoes which these submarines carry.

The "O" Class is, without question, the most effective diesel electric submarine in the world today. From the keel up they were built to incorporate the latest methods of noise reduction. The result has been that when operating submerged, these submarines are so quiet that even the most sensitive passive detection systems at sea today have great difficulty in locating one of these submarines. This silent running capability enables our submarine to be most effective in sub-surface surveillance. Passive sonar detections of other less quiet submarines can frequently be gained at very long ranges when the target submarine is not even aware that his presence has been discovered.

In addition to sub-surface surveillance, our submarines are frequently tasked to provide basic and advanced services for the training of our ship and aircraft crews—to act as target submarines if you will. For a new ship or aircraft crew these exercises usually start with the submarine at very shallow depth, on a steady course, and at slow speed. As the crews reach a worked-up state of proficiency, the submarine is virtually unrestricted and depths of several hundred feet, maximum speed and evasion are then permitted. Submariners enjoy these advanced training exercises as they give us the opportunity to exercise ourselves in the game of out-thinking the opposition. While there is rarely any consistent winner in these friendly clashes, we in the undersea world generally feel we still have the upper hand.

One other area where our submarines play an important role is in the surveillance of surface vessels in waters of national interest. It is very easy for a submarine to carry out close range periscope observations or photography of fishing or other commercial vessels without ever disclosing our presence. It is most likely that a foreign vessel will adhere to our fishing or pollution control laws when he sees that he is being observed by one of our ships or aircraft. However, when he thinks he is all alone on the open ocean, it may be surprising how little regard he may have for our laws. A submarine periscope photograph of an offending action is usually ample proof for the courts.

In addition to training and surveillance in our home waters our submarines participate in almost all major NATO and naval exercises in the Atlantic. On these occasions, frequently in opposition to large task forces, Canadian sub-surface sailors prove themselves second to none. This periscope photograph of a USN carrier was recently taken from one of our submarines which had successfully evaded opposing surface ships and nuclear submarines to reach a point blank range for a simulated torpedo attack against this 60,000 ton monster.

Life in a submarine is not easy. It takes a great deal of motivation to volunteer for and serve in a submarine where crowded living conditions, pigmy-size bunks, complete lack of privacy, and long periods at sea are our normal fare. This is in sharp contrast to life in a destroyer. There is something about the life that grows on you. Whether one is providing training services, simulating an attack on a convoy, or searching for an unidentified and unfriendly submarine, there is a real feeling of contribution both to the Command and to the country. And this, in my opinion, is why people serve in submarines.

Ladies and gentlemen, this quick sketch of submarines in Canada is designed to tell you that our ''O'' Class are providing first class sub-surface surveillance capability in addition to providing realistic anti-submarine training for surface and air units. On the NATO side, our submarines have proven their worth! While our present strength is relatively small, we are confident about the future. We feel that new and better submarines are required in order to ensure a credible capability to utilize and supervise our Maritime areas of responsibility. Within the service we accept the challenge of serving underwater but we need support to ensure that we do receive the modern equipment we are going to need in the years ahead.

LIEUTENANT-COLONEL PICKERING:

Ladies and gentlemen, you now have a capsule impression of the responsibilities and tasks of the Maritime Command and of the ships, submarines and aircraft that comprise the team. It should be obvious to all that we either meet Canada's commitments or by default our neighbour to the south will fill the breach with an inevitable adverse effect on Canadian sovereignty and our national pride.

At the present time we are meeting this task. Our forces though meager are modern and well equipped—our personnel efficient, well trained and dedicated to their task. However, equipment wears out or becomes obsolescent. 40% of our destroyers will reach the end of their useful life in the late '70s or early '80s. Our Argus and tracker patrol aircraft have already become obsolescent and will require replacement within the next five years and our existing submarines will require updating in order that they can meet their growing commitments.

The importance of the north, the increase in world shipping and sovereignty in general will play a major part in any replacement program for the Canadian Maritime forces. Our present forces provide a sound basis for future growth and we recognize the necessity to maintain and increase our effectiveness and versatility in the face of changing conditions.

Canada must stay in the forefront in matters involving the sea. We must protect what we consider to be ours. We must command respect at sea with the presence of a strong Maritime force. Canada's future as a Maritime nation is in our hands and yours. It is the responsibility of *all* Canadians. We will do our utmost to meet this challenge but we need the blessing and the firm support of the people of Canada.

Thank you for your attention.

Commander MacGillivray, Lieutenant-Colonel Pickering and Commander Wood were thanked on behalf of The Empire Club by Mr. Joseph Duffy, President of the Toronto Branch, N.A.O.C.

MR. DUFFY:

On behalf of The Empire Club and the Naval Officers Association, Toronto Branch, I would like to extend our thanks for your coming here today, the team, and giving us an excellent presentation. It certainly has provided us with a better understanding of your operations on, over and under the sea. Not only that but I think it also has provided us with a better appreciation of your needs and continuing needs of the Maritime forces in the days that lie ahead under changing conditions. I would also like to mention that this sort of information is far too little coming to Toronto and elsewhere in Canada. As a matter of fact, I believe there is an information gap. But today, I think you helped to bridge that gap and we are very grateful.

MARCH 8, 1973

The World Bank and Redevelopment

AN ADDRESS BY Robert S. McNamara, M.B.A., LL.D.,
PRESIDENT, THE WORLD BANK

JOINT MEETING The Empire Club of Canada
The Canadian Club of Toronto

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

It is my great pleasure and privilege, on behalf of all members of The Empire Club and of The Canadian Club of Toronto, to welcome a very distinguished citizen of the United States and of the world, Robert McNamara, President of the World Bank.

Last June I extended an invitation to Mr. McNamara to speak to The Empire Club and I received a very gracious letter from him reading as follows:

> "I appreciate your thinking of me once again in connection with The Empire Club of Canada, and it is with regret that I must decline. The problem is that the schedule of World Bank business here, compounded by visits to our developing member countries abroad, make it necessary for me to restrict my speaking almost exclusively to United Nations and official Bank functions.
>
> I do hope you will understand. It was thoughtful of you to write."

Having regard to that let me assure you, Mr. McNamara, that we all very much appreciate that you have subsequently found it possible to come to Canada and to honour us with your presence here today.

We also wish to thank you for bringing this glorious weather with you. I hope that you have had an opportunity this morning to leave the hotel and enjoy this beautiful day. Some of us seem to spend a considerable amount of our lives at the Royal York Hotel. There are many of you attending this luncheon today who also had dinner here last night with the Prime Minister of Canada. Fortunately, however, the price of today's luncheon is much more modest than the dinner last night.

Mr. McNamara will appreciate that many of those at the head table and in the audience today earn their livelihood by giving advice in respect ot economic, financial and banking problems. Indeed, some may find themselves in the position of the young husband who said to his wife, "I am glad you are so impressed, my dear, by all these explanations I have been giving you about banking and economics." "Yes, darling," his wife replied, "it seems wonderful that anybody could know as much as you do about money without having any."

Our guest today became President of the International Bank for Reconstruction and Development known as the World Bank, the International Finance Corporation and the International Development Association on April 1, 1968 for a five year term and has recently been reappointed for another five year term. Upon becoming President, Mr. McNamara pledged that the Bank would provide leadership in tackling the problems of development and concluded that a very substantial increase in Bank group activities was both desirable and possible. To this end, he set a target for the five year period 1969-1973 to lend twice as much as during the previous five years. On a geographic basis, he recognized that the Bank group had tended to concentrate its efforts on the South Asian sub-continent. His objective was to have a doubling of the Bank's investment rate in Latin America, and a threefold increase in Africa. This program for the five year period also called for a threefold increase in the Bank's lending for education and development and a quadrupling of the loan volume for agriculture. Further, he stated that the Bank would take new initiatives in the area of controlling population growth since the rapid population growth in developing countries was seen as one of the greatest barriers to their economic growth and social well-being.

The World Bank is well on its way to achieving his objectives. He continues to be concerned about the serious inadequacy of current development programmes and is committed to try to continue to expand the Bank's operations.

For the coming years he has expressed his greatest concern over the quality of life of the low-income strata—roughly the poorest 40%—of the total population in all developing countries. He believes that more attention must be given to policies and actions which can reduce distorted income distributions.

Mr. McNamara attended public schools in Piedmont, California, and graduated from the University of California in 1937. Two years later he received an MBA degree from the Harvard Graduate School of Business Administration.

In 1940 he became Assistant Professor of Business Administration at Harvard, and in 1943 he took leave of absence and went to the United Kingdom as a civilian consultant for the War Department, where his job was to set up a statistical control system over the flow of material, money and personnel. He was commissioned a Captain in the Air Force while stationed in the U.K., subsequently served in India, China and the Pacific, was awarded the Legion of Merit and was promoted to Lieutenant Colonel before going on inactive duty in April 1946.

Upon his discharge from the Air Force, he joined the Ford Motor Company to manage the planning and financial analysis offices. In 1957 he was elected a Director and three years later he became President.

Mr. McNamara agreed to serve as Secretary of Defence of the United States at the request of the late John F. Kennedy and took the oath of office on January 21, 1961 and served in that capacity until March, 1968.

Our guest is a Trustee of the Ford Foundation, Brookings Institution and the Urban Institute. He is also the recipient of the

Presidential Medal of Freedom with Distinction and the Distinguished Service Medal from each of the Departments of the Army, Navy and Air Force.

It is now my very great honour to ask Mr. McNamara to speak to us on the subject "The World Bank and Redevelopment".

MR. ROBERT McNAMARA:

Mr. Potts, thank you for a most graceful introduction. You mentioned events in my life I haven't thought of for many, many years. One of them you referred to was my Presidency of the Ford Motor Company—I was President for exactly five weeks. I was explaining to one of your head table guests that it was after that that President Kennedy asked me to join his cabinet.

But speaking of President Kennedy as Mr. Potts did reminded me of another event I haven't thought of for years. It occurred thirteen years ago this week in March of 1960. It is an example of the wit and the humour that attracted many of us to him and although it is a typical American political story, it might amuse you as it did me then as it does me now when I think of it.

There is an organization in the United States known as the Grid Iron Club. It's made up of some of the reporters stationed in Washington and it has only one purpose in life and that is to poke fun at the political leaders of the country and to that end they hold a dinner every March at which through song and dance they satirize the events of the government and show up our weaknesses and those of our colleagues. And this particular March thirteen years ago they had asked a representative of each of the two parties to speak at the end of the evening. Senator Kennedy, then Senator Kennedy was the speaker for the Democratic Party, he stood up and he said "I don't want to divert your attention from my major theme but I must tell you of an event that occurred a little earlier today." You must recognize that this was March of 1960, it was in the midst of the heated campaign for the Democratic presidential nomination and the three major contenders were John Kennedy, Stuart Symington and Lyndon Johnson. And Kennedy said "I walked into the

Senate this morning, passed through the Senate Courtroom, ran into Stu Symington and Lyndon Johnson.'' He said ''The events of the previous evening were so vivid in my mind I couldn't help but relate them to them.'' He said ''Yesterday was an exhausting day in the Senate, I went home, I had an early dinner, I went to bed and during the night the Lord appeared in my chambers and he anointed me and said I was to be the next President of the United States.'' And he said at this point Stu Symington interrupted ''Through an extraordinary coincidence I had the same day in the Senate, I was exhausted, I had an early dinner and went to bed and the Lord appeared in my chamber and said I was to be the next President of the United States.'' And then John Kennedy said at that moment Lyndon Johnson interrupted and said ''I don't remember doing that to either one of you.''

Well I don't know what that has to do with the World Bank or development but this is what the introduction brought to my mind.

The Bank, as you know, is a specialized agency of the United Nations. It's owned and governed by its 122 member countries. Canada, of course, is one of those countries and over the years Canada has contributed much to the achievements of the Bank. We are very indebted to you for the right of access to your capital markets. We are indebted to you even more for the support you have given to governmental appropriations to our soft-loan affiliate, the International Development Association. But perhaps we are indebted to you most of all for lending us your former Prime Minister, Lester Pearson. He's been eulogized by the noted and famous of our era but I would like to say a word on his behalf this afternoon for the hundreds and millions of villagers, workers and peasants throughout the developing world. They're not noted and they're not famous but he contributed to their lives and the lives of their children in ways that will influence the behaviour of those nations for decades ahead.

And when the Pearson Commission Report was published in 1969, the then Prime Minister of the United Kingdom said it was one of the most important documents of this century and I don't think he exaggerated the case. And as you will observe from what I describe about the Bank and from what I say of our view of developments throughout the world, you'll see that much of our actions in the Bank and many of my views can be traced to that Pearson Commission Report.

There are three principal points I would like to make this afternoon:

> First, that the World Bank, as your President pointed out, has been moving in new directions over the past five years.
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> And secondly, that the Bank has made these shifts in emphasis which I'll describe because the problems which confront the developing world are becoming more acute and these problems are much more serious than most of us realize.
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> And finally, that given a situation, the developed nations, the rich nations, must realize that it is in their own interest in many, many ways, economic, political, social, moral, it's in their own interest, as well as in the interest of the entire developing community, to make a much greater effort to assist the roughly 100 developing nations and the two billion people who live in those nations.

Now let me begin first with the changes we have introduced in the Bank.

Five years ago, toward the end of the United Nations' First Development Decade that ran from the beginning to the end of the 1960's, I think it was evident that a mood of disillusionment threatened the efforts of the developing community. A number of the developed countries were growing skeptical of the value of foreign assistance. There had been roughly 20 years of development aid up to that point. I think there was general agreement that the Marshall Plan had been a success in Europe. There was much less agreement, however, about the effectiveness of the development assistance to the developing nations of Asia, Latin America and Africa.

There were the usual complaints about the waste or mismanagement in specific instances, but I think the disenchantment with foreign assistance at that time went much deeper than that. The question in the minds of many of those in the developed countries was whether foreign assistance, even if it were managed effectively, whether it could do any good. Was it a feasible objective? Did aid really matter? Was it necessary? Could a convincing case be made for it?

Now the fundamental case for foreign assistance, in my opinion, is the moral one. The whole of human history has recognized, at least in theory, that the rich and the powerful do have an obligation to assist the poor and the weak and that's what the sense of community is all about—whether it be the community of the family or the community of the village, or the community of the nation or the community of the entire international family.

But moral principles, if they are really sound, and this one I think is, moral principles if they are really sound are practical ways to proceed. Social justice is not simply an ideal. It is a sensible way of making life more livable for everyone.

I was interested in development long before I went to the Bank. In 1966 in Montreal, while I was still U.S. Secretary of Defense, I had pointed out that development assistance was essential if all of us wanted to live in a world in which there were reasonable alternatives to the social tensions and to the civil chaos that the frustrations of poverty can generate.

So when I came to the Bank in 1968 I was resolved that we would not accept the view that development assistance was of decreasing importance. The facts I thought then were clearly the other way round. Development assistance was becoming all the more urgent. And the great danger was that there would be a loss of momentum. Most of the developing countries were making a huge effort, much greater than most of us realized. They were financing 85% of their productive investment out of their own savings. But the difference between their success and failure would depend on their access to the crucial 15% that represented the foreign exchange that they needed but didn't have.

Now part of that 15% could come from private capital flows.

But a crucial residual amount would have to come from economic aid and without that aid, the capital required for achieving a reasonable rate of growth simply would not be available; and the political and the social stability that would make private capital flows even more feasible would be lacking. So economic aid was a necessary requirement for economic advance.

And we decided that the World Bank could play a much greater part in providing that aid. A whole new set of goals for the Bank were established and they were incorporated in a Five-Year Program. As your President pointed out, our overall objective for that Five-Year Program was to double the lending in the five years 1969-1973 compared with the previous period. If we were to achieve that objective it would mean that we would lend in this five-year period about $11.6 billion which would be equal to the entire amount of lending by the World Bank in its previous twenty-three years of operation. And, as your President pointed out, we are succeeding. The five years end this next June 30 and I think that there is every reason to believe that our new financial commitments during that period will exceed $12.5 billion.

But simply doubling the level of Bank operations was not our only goal. We weren't merely interested in a quantitative advance. We wanted particularly a qualitative change as well. And that called for shifting our emphasis, as he pointed out, into new sectors of operation and into new geographical areas.

Because of the immense long-range impact of education on development, one of your publishers asked me today do we lend for social purposes, and in a sense of making up budget deficits for welfare or for pensions or unemployment, the answer is "no"—basically we lend only for capital activities. But education is an investment in the future, at least when it's associated with development, and in many, many countries it is the limiting factor affecting the rate of development. So we did decide to dramatically expand our educational lending, we've tripled it in this period. And because of a central need for agricultural sufficiency and I think all of us who are aware of the immense food grain shortages in the world today recognize that, we decided to quadruple our educational lending and we are succeeding in that objective as well.

But there was a more decisive sector that we never operated in before, it was a very controversial sector, a very difficult one, but one which we believed had the greatest implications for achievement of any reasonable rate of growth—and that was the population sector.

So we created a Population Projects Department and almost immediately we received far more requests for the assistance of our limited staff of experts than we could possibly handle. We began by providing assistance to a number of small countries because we didn't know how to deal with the problems of the larger countries. But in the last year we approved population projects in two of the largest nations—India and Indonesia.

The Indian population problem is, as you know, immense. The population of India today exceeds half a billion people. It's growing at the rate of roughly one million persons a month and to cope with that problem the Indian Government has organized a force of eighty thousand people to provide service to one hundred million couples—an extraordinary administrative effort and one which so far, in any measurable way, hasn't had any great impact on the rate of growth. The Bank's project is designed to support that immense program with experimentation cause and effect analysis and systems analysis required to make it effective.

In Indonesia, which is already the world's fifth most populous country with a population of one hundred and twenty-five million, a population growth rate of about 2.5% per year means that it doubles its population every twenty-seven years. In Indonesia we have provided a loan of $13 million to help expand its family-planning program. And that loan will provide for the construction of 300 district health centers, it will provide for the training of thousands of new field workers, it will provide for the design of specialized public school curricula and it will provide a comprehensive program of research and evaluation.

But the most important thing you can say about it is that if it succeeds—and both we and the government of Indonesia believe it will succeed—if it succeeds then at the end of this century, during our lifetimes, the population of Indonesia will be 50 million less than it otherwise would be.

So this is the type of the shift in emphasis that we have been emphasizing during this past five years. It hasn't been limited to agriculture, education, population. We've set up a new department for urban projects to help the developing countries deal with their exploding urban populations. We've set up a tourism projects department to help them earn the foreign exchange that they so badly need. We've set up an environmental office to ensure that our projects conform with reasonable standards protecting the environment. And as your President pointed out, we've made geographical shifts as well. We trebled the lending to Africa because it is so deficient in sources of external capital and for the group of our poorest member countries—those with per capita incomes of less than $100 per annum—we have quadrupled the lending.

And to meet these operational objectives we have, of course, expanded the staff, nearly doubled the professional staff during this period and that hasn't been nearly as difficult as you might think. We've had a recruiting program worldwide and the Bank has proven to be a magnet attracting young people from all over the world. Last year we had in our young professionals program openings for fifty-two individuals. This is a program to which almost all professionals under the age of thirty enter the institution. And for those fifty-two openings we had 2800 applications of qualified individuals from over ninety-eight countries.

So we think we are ending this five years in a position of strength. Last year we made new financial commitments of about $3 billion—that made us the largest development agency in the world and we are very proud of that. But it doesn't mean that we are complacent. And how could anyone be complacent when he examines the real world that exists in these 100 countries and in which these two billion people live. Let me consider with you for a moment some of the factors that affect the lives of those people.

First—food:

A third to a half of all the human beings in these developing countries suffer from hunger or malnutrition. Many of them starve, some quickly, some slowly but all needlessly because our society does have in its capability the resourcefulness to provide for their needs. And there must be something wrong in the world when the pets of many of us are nourished better than the children in these other societies. I was told that on one of your radio programs this morning there was reference to the effect of malnourishment, particularly protein deficiency, on brain growth and I think it's of interest to know that in the last five or seven years medical research has shown that the brain achieves approximately 90% of its growth between the sixth month of pregnancy and the fourth year of life. And protein deficiency during that period limits the achievement of that 90% rate of growth in a way that cannot be compensated for later. There is irreversible damage done and tens of millions of the children of the world today are suffering from that.

Now consider infant mortality:

In the developing world 25 to 30% of the children die before their fifth birthday.

Or look at life-expectancy:

Those of us who have been born in the rich nations have an average life-expectancy two decades longer than those in the poor nations. And what that means is that these twenty years of life and all they represent are arbitrarily denied to hundreds of millions of people simply because they were born in a poor nation instead of a rich nation.

Look at illiteracy:

There has been immense progress made in extending education to the disadvantaged in the developing countries in the last ten years. But look at illiteracy—it darkens the mind and limits the opportunities of some eight hundred million people among these two billion that I mentioned. And I think an adult illiterate today is more handicapped than an adult who is minus an arm or minus a leg. And yet there are one hundred million more illiterates today than there were twenty years ago.

Or think of unemployment:

Rates of 5 or 6% of unemployment cause concern to you and they cause concern to us in the United States. But in the developing countries rates of unemployment and underemployment of 20 or 25% are common and in many, many of the developing cities the labour force is growing twice as fast as the number of jobs.

So we are looking at a developing world in which death and disease are rampant, education and employment scarce, squalor and stagnation common, and opportunity and the realization of personal potential drastically limited.

And that brings us then to the second point I wish to make this afternoon—and it is this. The Bank over the past five years has shifted emphasis in both its planning and its policies toward these more socially oriented sectors because the problem that confronts the developing nations is much more acute today than it was a decade ago, or two decades ago. And as I say, it is much more serious than most of us realize.

The first development decade saw the achievement of the growth objective that had been set for that ten-year period, from 1960 to '69. The United Nations at the beginning of the period had agreed an appropriate rate of growth for these developing countries would be 5% per annum in gross national product. They achieved it. By historical standards this was a very impressive accomplishment. But the difficulty is that I think that these statistics are really quite misleading because that average rate of growth of 5% for all the developing countries conceals immense differences among the countries and among groups within individual countries.

The fact is that the GNP grew the least where it was needed the most—in the poorest countries. In the major oil-producing countries, which had roughly 4% of the population of the developing world, the growth rate was not 5%, it was about $8^1/_2$%.

But in the poorest countries, those with 67% of the population—with incomes averaging less than $200 per capita—the growth rate was only 3.9%.

So the fact is that the achievements of that first development decade were extremely uneven among nations. But the discrepancies don't end there. The truth is that a wholly unacceptable level of poverty exists throughout virtually all developing countries.

And I am not speaking here of poverty that exists in those countries, generally rather small, in which there are so few resources that even if the wealth were distributed more evenly or the income distributed more evenly all would be poor. Those are the countries which the United Nations has designated as the ''least developed''. There are roughly twenty-five of them. Their populations total about 140 million and for them special measures have been agreed upon. They need much more help than they are getting but there is at least an agreed-upon plan of action in respect to them.

But what I am talking about here is the poverty of the lowest 30 or 40% of the population in almost *all* of the developing countries: that part of the population that simply hasn't benefited in any significant way from the economic advances of their nation. And this poverty of the poorest 40% simply hasn't received the attention that it deserves and that's why we in the Bank have decided to make the shifts and emphasis that I referred to. We are convinced that something must be done and we think something can be done about this vast culture of poverty. It's a poverty that feeds upon itself in all but a handful of these developing countries.

Our studies show, for example:

That in 10 countries where the incomes per capita averages $145, the income of the poorest averages less than $50. In India, for example, with 500 million people, with an income per capita averaging roughly $100, there are 200 million people who are barely on the margin of human existence. In our terms they have per capita incomes of $40 per year.

In another 10 countries with per capita incomes somewhat higher, averaging about $275, the poorest 40% average less than $80.

Now what we have to try to grasp here is that we are talking about hundreds of millions of people in this poorest 40%. We are talking about 40% of entire populations. And we are not talking about special cases or exceptions to the rule. We are not talking about poverty gaps—we are talking about absolute levels of human degradation.

Of the some two billion people living in these 100 countries, about two-thirds live in the rural areas, 1.3 billion, and of these some 900 million have incomes of less than $100, and this is what we call poverty. We have used the term so often I think we are in danger of failing to recognize what it means. It doesn't mean the absence of wealth, or absence of comfort, or the absence of convenience. What it means, as I say, is the deprivation of fundamental human decency. It's an absolute level of poverty that is unknown to us in the rich countries.

And what this means, of course, is that economic growth, as essential as that is to development, is not a sufficient objective of development. What is required is the balanced nature of that growth. And development strategies that have stressed economic growth to the exclusion of reasonable social equity are, I think, self-defeating. They tend to exaggerate the extremes of poverty and deprivation rather than to reduce them.

When I spoke to the Governors of the World Bank who are essentially the Finance Ministers of the world last September in Washington, I discussed practical ways to address this problem and I don't want to bore you with the details of it this afternoon. But I do want to emphasize one fundamental aspect of this overall question and this brings me then to my third point: the necessity for the rich nations, the developed nations, to realize that it is in their interest, as well as in that of the entire international community, but it is in the interest of the rich nations to make a much greater effort to assist the 100 countries and the two billion people of this developing world.

I think it is clear that no degree of outside assistance can solve this internal problem of social equity that I referred to. Only the governments of those countries themselves can do that. But I think the evidence is that, by and large, those governments are willing to do that when the problem is made known to them and once some solutions are pointed out to them.

If we are to expect them to deal with it, however, tremendous efforts are going to be called for and these efforts require political courage and political leadership of a high order. If we are to expect that political courage and political leadership from them then I think that the rich nations must themselves display more social equity towards the poor nations.

The developed nations, including Canada and the United States and the other developed nations, at the start of the second development decade in 1970 when the goals for this decade were set, it was agreed that a reasonable rate of growth for the developing nations during the decade would be 6% per annum. The developed nations agreed that that rate of growth could not be achieved unless what is known as official development assistance, which is a concessionary aid, the flow of economic aid from rich nation to poor nation, from governments of rich nations to poor nations, unless this concessionary aid could approximate 0.7% of gross national product per year by 1975. Now where do we stand in relation to it? The concessionary aid won't equal half of that target. So that leaves the second half of this decade to begin to address the problem, or should we consider that the problem itself was totally unreasonable or the difficulties faced by your country, the United States, Western Europe, or the domestic difficulties so great that it is unrealistic to expect these nations to transfer out of their capital that amount of assistance? Well I think the answer must certainly be "no". There is no excuse—no excuse for failing to meet that target.

Now let me tell you why very quickly and I'm going to use some figures but I think you can translate them into terms of your own lives and you can see the answer yourselves. During the first development decade the total annual GNP of the world increased $1,000 billion, that means that at the end of the decade the income of the rich nations was $1,000 billion more than it was in that single year at the end of the decade than it was at the beginning. It's an increase almost beyond our comprehension.

But how was this growth distributed? Eighty percent of the increase went to countries whose per capita incomes were $1,000 a year or more and these contain only one-quarter of the people. Only 6% of this increase went to countries where per capita incomes average $200 or less—but they contain 67% of the people.

Now the collective GNP of the developed countries in 1970 totalled roughly $2,000 billion and during this decade it's expected that they will rise by $1,000 billion, so there will be $3,000 billion by the end of the decade.

What this means is that in order to meet this target that the United Nations established for the flow of the resources from rich nations to poor nations, this target of 0.7% of GNP, in order to reach that only 2% of this incremental wealth need be transferred. And the other 98% of the incremental wealth is available to deal with the domestic problems and there is no use denying they are pressing but are they so pressing that you can't distribute 2% of the increment? I think not.

Now with the concessionary aid at only half of the agreed upon level, the poorer nations have almost no hope, no hope of achieving the accepted objectives of 6% growth per year during this decade and that will condemn them to so slow an economic rate of growth that hundreds of millions of people will detect no change in their circumstances. Their income per capita during the decade will rise about $2 per year—which is meaningless.

So the deficit in concessionary aid will penalize these poorest nations the most. But even for those developing countries who are so much better off, the deficiency in concessionary aid will cause serious financial problems. It will force them to seek external finance from less desirable sources—sources requiring higher interest rates and shorter maturity.

Since the mid-1950's, as many of you know, the publicly guaranteed debt for developing countries has been rising dramatically and now stands at about $80 billion with debt service at about $7 billion per year and the debt service, for the last decade, has been rising at around 14% per year, twice the rate at which the export earnings, from which this debt must be serviced, has been rising. And all of us know it is absolutely impossible to continue that relationship. There is bound to be a financial crisis if they are forced to try to continue that relationship.

So given a short fall in aid and given the rising debt problems, it has seemed clear to us in the World Bank that we should try to continue to expand our operations, and that's just what we plan to do for this next five-year period—1974 to 1978. And that's why the negotiations for the Fourth Replenishment of the International Development Association, which are just getting underway and at which Mr. Isbister will represent Canada early next week in London, that's why these negotiations are so important.

Canada gave extremely effective leadership to the world in the Third Replenishment provided when it was negotiated three years ago and we are confident we can count on your people and your government for similar leadership in these Fourth Replenishment negotiations.

It is, I think, fair to say that nothing going on in the last third of this century is more important to the course of the 21st Century—for rich nations and poor nations alike—than the international development effort which I have been describing.

In the end, the World Bank exists for only one reason: to help advance the quality of life, the inherent potential, the human dignity of the hundreds of millions of people who are, as I say, living on literally the margin of human existence in our member countries. And that is the task which I think confronts all of us and not just us in the World Bank. I don't think any cause can match it for sheer zest and personal satisfaction.

It is demanding. It is complex. It is difficult.

But its rewards for the whole of the human race's future are beyond calculation and your nation has provided us with great support in that task and for that we are very grateful, indeed.

Thank you.

Mr. McNamara was thanked on behalf of The Canadian Club and The Empire Club by Mr. Jack Brent, President of The Canadian Club of Toronto.

MR. BRENT:

Mr. McNamara you have given us today an articulate and precise presentation of what is undoubtedly the central issue in our world today. It seems incredible that after all we have been able to accomplish there are still now two-thirds of the people in the world, two billion people, who produce only about 10% of the goods and consume only 10% of the goods produced in the world. But it is clear also, from what our speaker has said, that the problems of poverty and illiteracy and high birth rate and unstable governments, aren't easy to solve.

The World Bank, under Mr. McNamara, seems to me to be the most effective agency we have today in the world to help to improve these conditions. Mr. McNamara, you've had a rather exceptional ability in your lifetime of creating an atmosphere of confidence and credibility. Even though you were President of the Ford Motor Company for only six weeks, you made a very good start in this and this wasn't exactly easy in the Ford Motor Company. And, as Secretary of Defence of the United States, likewise you created this atmosphere of confidence and credibility and people were pleased that you had that very responsible job. And now, as President of the World Bank, likewise you are giving to all of us in Canada and the United States and throughout the world, a spirit of confidence. We really believe in what the World Bank is doing very much more because you are President of the World Bank.

Mr. McNamara, may I bring to you from The Empire Club, The Canadian Club and from everybody here, our very deep gratitude.

Thank you very much.

MARCH 15, 1973

Universities Today and Tomorrow

AN ADDRESS BY John J. Deutsch,
C.C., LL.D., F.R.S.C., PRINCIPAL AND
VICE-CHANCELLOR, QUEEN'S UNIVERSITY

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

Ladies and Gentlemen, before introducing our guest speaker I would like to relate to you an incident that I told our Lord Bishop earlier. This is not the first time that Bishop Wilkinson has been at our head-table. He was good enough to say Grace at our Christmas luncheon. All of the proceedings here are transcribed on cassettes which can be replayed on a tape recorder. So a few weeks ago on a Sunday evening, I said to the family "who wishes to say Grace?" and my ten-year-old son said "I do, Daddy," which kind of surprised me but I said "Okay, Gordy, you say Grace." And all of a sudden Bishop Wilkinson's voice came booming out into our dining room. Gordy had the tape recorder underneath, he pressed the button and we had high quality Grace right in the dining room on Sunday night—so we are delighted to have Bishop Wilkinson back with us.

"It is part of the duty and privilege of universities to keep the heart of the people true to lofty purposes, as well as to strengthen them in faculty for the achievement of such purposes. In this high endeavour there should be the closest union of all university men, for there should be no envy of jealousy, in the fair sisterhood of universities. Ours is a country that may well call forth the most loyal enthusiasm and the most fervent hopes of her sons, and there is laid upon our universities in a special degree the duty of striving so to influence the people that Canada shall stand, as our great mother Britain so long has stood, for helpful and successful effort towards the progress and enlightenment of the world.''

Thus spoke the Very Rev. Dr. D.M. Gordon, Principal of Queen's University, Kingston, in an address to The Empire Club entitled ``The University and the People'', on March 17, 1904—sixty-nine years ago—give or take a couple of days.

My research has not been sufficiently thorough to permit me to advise you as to whether or not he was the last principal of Queen's to do so—I would surmise that there have been others—but in any event we are just delighted to welcome today Dr. Deutsch—not only because he is the Principal and Vice-Chancellor of Queen's but also for his many other distinctions.

When I was a student at the University of Toronto I attended a luncheon in this hotel, to hear an address by the then U.S. Ambassador to Canada.

In his opening remarks he referred to the fact that this hotel and the University of Toronto had one thing in common in that the Royal York Hotel was then the largest hotel and the University of Toronto the largest University in the British Commonwealth. He stated however that discretion dictated that he not pursue the comparison further.

But when the late Dr. Sydney Smith, then President of the University of Toronto, rose to thank the Ambassador, he acknowledged the accuracy of the facts related by him but, in the fine tradition of those who are legally trained Dr. Smith distinguished between the two institutions in the following terms—he said, ``When one enters the Royal York Hotel one does not anticipate coming out with as much as one possessed when he came in—but when one enters the University of Toronto the reverse situation ought to prevail.''

Several weeks ago, when introducing David Steuart, Leader of Her Majesty's Loyal Opposition in the Province of Saskatchewan, I confessed that I was very biased in his favour. I am equally biased in favour of our guest today and for the same reason for I had the honour, the distinction, the privilege—yes, and the pleasure of being born, as was our guest today, in the exciting Province of Saskatchewan.

Dr. Deutsch shares a unique distinction with another of our guests this season—Dr. Davidson Dunton. Both of these gentlemen became the head of a great Canadian university without having obtained a postgraduate degree. I consider this a great tribute to them personally and also to the universities concerned which had the wisdom to be influenced by academic excellence as measured by achievement rather than by degree.

Our guest's affiliation with Queen's goes back many years. He received his Bachelor of Commerce degree in 1935 but in order to do so he taught at Regiopolus College in Kingston, concurrently with his studies at the university which left him little time for fun or frivolity. He returned as a lecturer in 1940, and was Professor of Economics and Vice-President (Administration) from '59 to '63. At the request of the late Prime Minister, Lester Pearson, he assumed the Chairmanship of the new Economic Council of Canada in 1963, a position he held with great distinction for four years. He returned to Queen's in '67 and was appointed Principal in September of 1968.

Dr. Deutsch's professional life has been divided between the public service and the universities. In the years between graduating and returning to Queen's, he served in the Bank of Canada, the Department of External Affairs, the Department of Finance, as Assistant Deputy Minister, and as Secretary of the Treasury Board. He also played a key role in the reorganization of the university systems in New Brunswick and Ontario.

He is a Companion of the Order of Canada, a Fellow of the Royal Society of Canada, the recipient of the Vanier Gold Medal of the Institute of Public Administration and of the John Orr Award of the Toronto Branch, Queen's Alumni. He is also a Director of F.P. Publications Ltd., the Canadian Imperial Bank of Commerce and the International Nickel Company of Canada.

It is now my great pleasure and privilege to invite Dr. John Deutsch, Principal and Vice-Chancellor of Queen's University, to address us on the subject "UNIVERSITIES TODAY AND TOMORROW".

DR. JOHN J. DEUTSCH:

Mr. Chairman, Mr. Minister, distinguished guests, ladies and gentlemen, I wish to thank you for your very generous welcome to the Club and I wish to express to you my feeling of honour of having the opportunity to address you today, especially on the subject of Universities Today and Tomorrow.

The other day, Al Capp was on the Queen's campus to take part in a debate with students. When he was challenged to answer a particularly searching question, he replied, "I am no longer young enough to know everything." Mr. Chairman, I am astonished to find that among that rapidly changing breed, the university presidents, I am already becoming something of a veteran and that I am no longer young enough to know everything about universities. However, in spite of my growing insecurity, I have chosen to speak on the topic of the universities. I do this because I believe that universities are and will continue to be vitally important to the people of this country and to this province.

Now during the past ten or twelve years, no other institutions in our society have been called upon to cope with so many overwhelming demands and challenges as have the institutions of post-secondary education, particularly the universities. There was the veritable explosion of numbers which called for a rate of expansion seldom faced by human organizations; there was the revolution in social attitudes and values which involved instant upheavals in goals, programmes and modes of operation; and there was the torrent of new knowledge which had to be accommodated and for which costly provisions had to be made and there was an insatiable search for answers and expertise to solve a growing load of human problems and, as is so often the case, there was an unrealistic inflation of expectations which could not be accomplished.

Now in the face of these enormous challenges coming within so short a time, it is surely not surprising that there have been severe stresses and strains, imbalances and conflicts and sharp increases in costs, disappointments, and the need for re-appraisal and a fresh look at the future. Let me remind you very briefly of the scale of the changes which have taken place here in Ontario. At the beginning of the 1960's in this great province of about 6 1/4 million people, there were hardly 40,000 full-time students in all institutions of post-secondary education: only one person out of thirteen in the 18-24 age group. At the beginning of the 1970's, this number had multiplied almost four and a half times. In the very short space of ten years, attendance had risen to one out of every five in the 18-24 age group. Earlier the cost was counted, but in the tens of millions; now it has reached the range of between seven to eight hundred million dollars. From a relatively minor factor in the provincial budget, it has become a large competitor with other claims on provincial resources. In one short decade post-secondary education has become a major matter of public policy. It has become such from the standpoint of educational philosophy, from the standpoint of human development, from the standpoint of our culture, and from the standpoint of taxation and public priorities.

Now what are some of the more significant issues to which we must now give particular attention as we go into the 1970's?

First of all, it is clear from the brief review that I have given that we have, almost overnight, transformed post-secondary education from a relatively small elite system to a system of mass education. This has been a profound change— much more than the mere increase in numbers of the appearance of large campuses. The elite system under which most of our historic institutions have developed was dedicated to the preparation of entrants into the traditional learned professions and to the education of leaders for the church, and for the state and, to a limited extent, for business. True, there have always been some from the middle and affluent classes who used the university primarily as a finishing school to spend a few pleasant years acquiring some social graces, friendships, and perhaps a little culture before beginning the serious business of life. However, the numbers were never massive. Under the basically elite system of the past, attendance was a privilege for which one accepted certain responsibilities, certain standards, certain values, and certain restraints. From the standpoint of both the institution and the student, it was essentially a private and non-governmental affair. Under the system of mass education which we now have, attendance has become virtually a right. Furthermore, it has become a right which young people are urged to exercise under many forms of public pressure. In these circumstances, there is a basic change in the respective obligations of the individual and the state. The government takes on a large new weight of responsibility, and higher education becomes a vast public enterprise. At the same time, many of the students come with very different and a very diverse set of purposes and expectations.

Already before the new decade of the 70's has hardly begun, it has become evident that many in the massive student body in the universities are not achieving either their purposes or expectations. Suddenly, there has been a falling off in high school graduates going on to university. At the same time a considerable number have decided to drop out of their courses. As a result, university enrolments have flattened out and in some places have even declined while the size of the university age group in the population has continued to increase rapidly. What was wrong?

It appears that a considerable number of the new entrants to the universities were attracted there, or were urged to go there, by the prospect of assured jobs. When these did not develop, they lost interest. The higher values of education had relatively little appeal to these people concerned with assurance of jobs. Some found the prolongation of sequential schooling as interfering too much with the desire to assume adult responsibilities and to be independent. Others found their courses too abstract, too specialized, too restrictive, and too detached from the immediate realities of life. Still others sought experience and worldly engagement rather than the development of their intellectual abilities.

At the end of the 1960's, it appears that the great explosion in numbers at the universities included some who were there at the wrong time, some who were there too long and some who should not have been there at all. Now this does not mean in this age of high technology and specialization that advanced education, training and development of skills are not required for almost the whole of the population; rather, it means that these needs cannot be met solely or even mainly by the universities with their emphasis and the proper emphasis on intellectual distinction and the development of new knowledge. In our modern society, we need a wide range of post-secondary opportunities and many different ways of acquiring skills and avocations. Universities should be for those who seek scholarly excellence and high professional competence; we should have a variety of colleges and institutes for those who seek technical training and vocational skills; we should have suitable opportunities for those who wish to combine work with study; we should have facilities for continuing education throughout life; and we should have ready possibilities for innovation and new initiatives in teaching and learning. The universities should not be expected to be all things to all people. Theirs is a particular role. Surely this is one lesson we have learned out of the turmoil of the sixties.

A few years back the Government of Ontario took a most significant step in the establishment of the Colleges of Applied Arts and Technology. A basic recommendation of the recent report of the Commission on Post-Secondary Education calls for the further development of a diverse and more widely accessible system of post-secondary education for Ontario in the future. The underlying concept of the Commission is that the society of this province in the future will be a "learning society." In such a society, there should be available a wide range of institutions and facilities responsive to all the possibilities for human development—intellectual, vocational, artistic, and cultural. They should be accessible to everyone who can benefit from them—rich or poor, child or adult, male or female—and they should be available throughout life as an integral part of the world of work and living. In the future, whatever values people may have that are worthwhile and whatever they may wish to accomplish, their hopes and personal fulfillment must be based on knowledge, and on skill, and understanding. Nothing else will matter very much.

The Commission has pointed to the deficiencies which still exist in Ontario. Important groups in the population continue to lack adequate opportunities in some aspects of post-secondary education: the native peoples of this province, the French-speaking minority, citizens living in the smaller and more remote locations, persons seeking part-time study or training while working, and so forth. The Commission has made specific recommendations to overcome these deficiencies, including such new initiatives as the Open Academy and provision of means for experimental programmes suited for specific local needs. Not everything can be accomplished overnight but I would hope continued progress will be made to bring about a greater equality of opportunity for the immensely varied needs of a large and widely dispersed pluralistic society such as we have in this province.

Let me now turn to another far-reaching outcome of the explosive sixties, namely the enormous growth in the role of government in higher education. The implications of this for the future are immense. Here I wish to speak in particular about the universities. When I first entered university administration in this province not so long ago, the government handed out with a benevolent hand a few round millions of dollars among a few relatively small institutions and hardly a question was asked. Today, when almost half a billion dollars of taxpayers' money is distributed to a large number of institutions, we hear the shrill cry of accountability. This is inevitable when such large sums of money are involved which compete with other insistent demands. In government, accountability normally means and I don't say this in any derogatory way, normally means bureaucratic controls. That is the way the system works. On the other hand, universities must have a high degree of independence in order to achieve their purposes and in order to serve society properly. Here is the great dilemma of large-scale government involvement. How is adequate accountability to be achieved while allowing the universities freedom from intervention both from the deadening hand of bureaucracy and the capricious will of politics? Over the years, governments in Ontario have recognized this problem and have tried to cope with it in a constructive way. Indeed, Ontario has been a pioneer and a leader on this continent in this endeavour. However, in recent years, the dilemma has become more difficult as the financial problem has increased. Now we face the urgent need to make some new decisions for the future.

The issue of accountability and autonomy involves much more than financing. The universities play an essential role in helping to maintain the vitality of a free society. They do this by providing the conditions and the means by which scholars and students are able to examine, analyze and criticize the operations of the goals of society, and to carry on the search for truth wherever it may lead, without fear of reprisal. By this process, society acquires the ability to adjust to change and to accomplish reform without which it would not remain for long either free or just. In this role, the universities are never popular. They cannot be and they should not be. Among some of my friends in the world of business and the labour unions, the word ''Professor'' is not a word of endearment—it is often uttered with disapproval and sometimes with ridicule. The universities are expected to be dedicated to a search for truth. Josh Billings has observed long ago that ''the supply of truth is always greatly in excess of the demand for it.'' On the other hand, those who search for truth must themselves be subject, of course, to assessment and constant criticism themselves. For all these reasons it is very important to a healthy society that the university be protected from both political and bureaucratic disapproval or control of its intellectual commitments. This should not be confused with the capacity to run practical affairs, whether public or private. Someone once said he would sooner be governed by the first two thousand persons named in the Boston telephone book than by the entire faculty of Harvard University. This is undoubtedly a wise observation, but it has nothing to do with the issues which I have been discussing.

The very large role of governments in higher education has brought to the fore another matter of concern regarding the proper functioning of universities. In this era of large government, we have become aware of what appears to be an inherent feature of this state of affairs, namely the strong tendency to undertake programmes in great surges followed by equally sudden reversals. It seems to be extremely difficult to achieve balanced longer-term planning. We are now familiar with what are known as stop-go policies. Not surprisingly, the universities, along with other things, have been subjected quite strongly to this phenomenon. At the beginning of the 1960's, education in general, and the universities in particular, was accorded a very high priority. A sudden and huge expansion was undertaken. Education was the Cinderella. Universities were admired institutions and they would bring solutions to every social, human and economic problem. Clearly, there was an urgent need at that time to raise the priority and to expand our efforts substantially. I myself did my best to help bring this about. However, the expectations were greatly exaggerated, and the rate of increase in expenditures during some of those years was clearly excessive.

As we entered the 1970's, there was a sharp reversal. All the lights flashed "stop." Education in general and universities in particular were after all not so important. Suddenly there appeared a growing stream of slide-rule calculations which purported to prove that education was hardly worth the money that was being spent on it. Within the narrow blinkers of cost-benefit analysis, which is the style of the times, it was portrayed that the discounted cash flow was deficient, as if that meant very much. At any rate, during recent years, the resources made available to universities have not kept pace with the unavoidable increases in prices and costs during this inflationary period, and real resources in relation to their operations have declined significantly. Universities with their commitment to patient scholarship and excellence, and with their heavy overheads of highly specialized talent and equipment, cannot operate effectively under a system of stop-go, involving sudden rapid expansion and equally sudden restraint. By their very nature, universities need a more stable basis for planning and development.

Whatever shortcomings there were during the period of the explosive growth in the 1960's, the province of Ontario succeeded in this very short space of time in bringing about a major transformation in its university system. It was brought from an under-developed and, in many respects, almost colonial state to a level much more appropriate for an advanced modern society such as we have here in Ontario. Here I am reminded of the story about the old alumnus, who, after many years, returned to a class reunion at Princeton University. He became very dejected. When his classmates noticed this, they asked him what was the matter. He replied, "They have made a university out of my dear little alma mater." Well, a number of dear little alma maters in Ontario have grown into institutions of higher learning which, in the quality and the range of their scholars and academic resources, now compare favourably by international standards. The people of Ontario can be proud of this. It is important that this accomplishment, achieved by a very heavy public investment, should not be jeopardized by stop-go policies.

Let us look at the case of graduate studies. At the beginning of the 1960's, our facilities for graduate studies were woefully small. Graduates were numbered in the few hundreds, yet the faculty which had to be engaged for the rapid growth in student enrolment numbered in the thousands every year. There was no way in which this requirement could have been filled from our Canadian graduate schools. We had to draw heavily on foreign manpower as we did in the 1950's for our requirements of professional skills. Graduate schools in Ontario have expanded very rapidly, in certain respects perhaps too rapidly, but we are still not over our problem. Serious deficiencies continue to exist in certain sensitive areas, particularly in the social sciences. There are few things over which we spend more time at my university than in the search for qualified Canadians to fill senior posts. In spite of all our efforts, we succeed less often than I would like to see, for the simple reason that they are not available. However, under the restraints of recent years, we are in danger of frustrating many reasonable developments that are now underway, a result which would land us in further trouble a few years from now. If we are really serious that Canadians should fill an adequate proportion of academic posts in all fields, then we must be prepared to carry out longer-range, meaningful efforts in graduate studies and research and not simply apply sudden and arbitrary methods of control which are being advocated in some quarters.

I have given a number, of what I am convinced are cogent reasons, why the relationships between universities and governments should be regarded as being of a special nature. Of course, when universities receive massive support from governments, they must be accountable. However, this responsibility should be carried out in a way which avoids the usual bureaucratic procedures, which does not inhibit the university in its role as the fearless seeker after truth and the critic of society, and which provides also a reasonably stable basis for longer-range planning so essential for the attainment of high quality. In order to achieve these purposes more fully in the future, the Commission on Post-Secondary Education has proposed the establishment of a buffer between the government and the universities in the form of a Council for University Affairs. This council would be vested with the planning and executive functions essential for the achievement of public accountability, but it would be removed from the normal machinery of government and from the exigencies of short-run policies and politics. I hope this important recommendation will be adopted, upsetting as it may be to some existing arrangements, because it can have very large implications for the years ahead. In the past, Mr. Minister, we have been very fortunate in Ontario, but the problems and the dangers of the future are much more menacing.

When very large resources are expended on higher education, it is pertinent to ask who pays and who benefits. At the beginning of the 1960's, the Government of Ontario stated its purposes very clearly. The then Provincial Treasurer told the

Legislature and I quote him now, ''Our objective is to ensure that no student who has the capacity will be deprived of the opportunity of attending university and developing his talents to the fullest extent.'' It was accepted that the government would assume a much larger responsibility in order to achieve this objective. In 1965, Premier Robarts told the Legislature and I quote, ''We must provide whatever opportunities were necessary as a government so that each individual may be assured of an opportunity through education to develop his potentialities to the fullest degree.'' End of quotation.

It was this objective that really set the whole planning of the 1960's in Ontario.

In order to carry out this policy, the government assumed a rising proportion of the sharply increasing expenditures. The share of the burden falling on the students and private giving was substantially reduced. The rate of increase in government outlays on higher education in Ontario was among the highest in Canada. Indeed, during the latter half of the decade, the exponential growth rate was so large that it could not be continued, and there had to be a slowing down and a re-assessment of what was being done. Today the total direct costs carried by the governments are in the order of ninety percent. However, this does not include the cost of room and board or foregone earnings which fall upon the student or their parents. These two items constitute a significant proportion of the total cost. In order to remove the obstacles arising from these costs, the government developed a programme of student aid consisting of a mixture of grants and loans. Substantial amounts of money were invested in this way. We must now ask whether the investment of all these public resources has achieved the objective ''that each individual may be assured an opportunity through education to develop his potentialities to the fullest degree.'' Our recent surveys and studies show that this particular objective has been attained only in part. The massive increase in university enrolments has come quite largely from the professional, managerial and from the middle and upper income groups in society. Those from the lower income groups and the lower income communities are still weakly represented. The Commission on Post-Secondary Education found and I quote ''Unfortunately, in Ontario many with ability still do not have access to post-secondary education.'' End of quotation.

In the light of this experience, what can we say about equity? When large amounts of taxpayers' money are being used, this question must be asked. Mr. Arthur Smith, the former Chairman of the Economic Council, in a recent speech made this observation, and I quote him ''A few years ago . . . on a brief investigation of this question at the Economic Council of Canada, it was not without some consternation that I discovered that close to seventy percent of the tax base for financing university education . . . was being borne by individuals . . . who on the average, had after-tax wage or salary incomes of less than $150 per week.'' He went on to say ''It is hardly appropriate that the 'relatively poor' of today should be placed under considerable pressure to finance the 'relatively rich of tomorrow, the next generation,' particularly if this is being done through an enforced system of general taxation.'' End of quotation. Other studies bear out this observation that the present system is regressive and that it raises very large questions about equity.

If we are to be more effective in the direction of equality of opportunity and of equity among the various income groups in our society, I think we must take another look at how we finance our system of post-secondary education. The Commission on Post-Secondary Education has done just that. It has concluded that it should recommend important changes in that system. The Commission has proposed among other things that relatively more of the public financing should be devoted to student aid, particularly in the direction of the lower income groups, by means of more adequate grants which are graduated according to levels of income. It would follow that a relatively smaller proportion would be devoted to general support. Of course, financing alone cannot solve all the problems of equality and equity. Sociological, hereditary and environmental factors are very important. However, to the extent that financial obstacles continue to exist, we should seek to remove them in the future if we were serious about equality of opportunity and justice.

Finally, I must refer, if only very briefly, to another set of developments which have had a profound influence on the universities. I doubt that there has ever been a time in history when changes in attitudes have been so rapid—changes regarding such basic matters as the family, religion, sex, drugs, and authority generally. It is not surprising that these changes have had their most pervasive effects on the young people, especially the young people in the universities. The changes in life styles and values which have resulted have had a very large impact on the university itself as an institution. Traditionally the university stood in place of the parent—*in loco parentis*—exercising in some measure a parental guiding hand during a difficult period of transition to full adulthood. In a very short space of time, this has all been swept away—but this change has not been accepted fully either by the parents or by the community at large. Frequently, universities are expected to exercise authority over behaviour and attitudes which they can no longer do. The law itself has proclaimed that these young members are full citizens.

The changes in attitude toward authority and toward hierarchical systems have brought large pressures for new governing structures at universities—structures which provide for what is called 'participatory democracy.' The university with its natural attachment to tradition, to the continuity of culture and to the maintenance of standards is inherently a rigid and slow moving institution. The difficulties ensuing from these rigidities have been compounded by a growing anxiety of how the university can maintain its quality and its intellectual values in a period of such explosive change. These difficulties have provided a lot of drama for the various news media and for the public, but they represent a real dilemma and are likely to be with us for some time.

While trying to cope with these problems of change, the universities have been living in a climate of what I have already described as excessive expectations. During the 1950's and 60's, education, including higher education, was widely expected to provide solutions to such basic problems as persistent poverty, unemployment, discrimination, and alienation. It is now being realized that education is only one and a limited factor in the development of answers to such deep-seated problems. However, now we are in danger of an unreasonable and irrational backlash against education itself. We hear slogans such as "schools don't matter," "schools make no difference," "de-schooling society," "universities are the instruments of meritocracy," and so on and so forth. A lot of this, of course, is nonsense. True, schools and education cannot by themselves ensure equality and justice, but they are a powerful means for achieving equality of opportunity for those who have the desire, the will and the ability to take advantage of them. Schools and education, including higher education, cannot do more than that—but that is very important. In this highly complex age, no society can continue to be viable, nor can it foster a great culture without a strong intellectual and scholarly base. Canadians now wish to play a larger part in providing such a base for themselves. Our universities, with all their faults and with all their difficulties, deserve your careful concern and your support. In spite of all the change about which I have spoken, Whitehead's warning is still true: "In conditions of modern life the rule is absolute, the race which does not value trained intelligence is doomed." Thank you.

Dr. Deutsch was thanked on behalf of The Empire Club by Dr. Harold V. Cranfield, a Past President of the Club.

DR. CRANFIELD:

We have been privileged today to hear the voice of authority in respect to higher education. When your President invited me to express your appreciation, I was honoured, indeed, but somewhat reluctant for I felt I might not do justice to such an illustrious person. He is everything that I am not. You notice that when he reads he takes his glasses off. When I read I must put mine on. He is accomplished academically and has a background in economics and finance and he is also a most able administrator.

Summoned from the cloisters of one of Canada's more venerable and prestigious universities, he left his alma mater to chair a Royal Commission to inquire into the problems of Maritime Universities in 1961. This and sorties into post-graduate education in Ontario more recently have given him the broadest possible base and preparation for his subject today. I am confident that you of this audience by your rapt attention and your show of appreciation are grateful to Dr. Deutsch for his lucid explanation of the needs and purposes of higher learning.

I need not have concerned myself for a theme by which to express our thanks. He has given me a cue (''Q''). That ''q'' is the seventeenth letter of the English alphabet and the sixteenth of the Roman. The letter ''q'' stands for Queen's where he began as an under-graduate and to which he returned over and over again as a senior educator. It stands for ''quality'' as he pointed out for which that university is known as well. It also stands for the quality of the man chosen to do the work which he does so well. It is symbolized by his most precious decoration, the coveted Companion of Canada which is the mark of highest merit.

It was therefore only natural that his presentation today would also be one of the rarest distillation, the quality of which you could savour. It was an honest address.

The university is not what we perhaps envisaged. There are the great inequities of who has these opportunities and the role of the university *in loco parentis* is no longer in existence.

Forgive me if I state some simple and obvious truths of another nature. There is not a man in this room who cannot recognize the significance of today's presentation. Our world leaders mainly come from those who attend our universities. Such persons have prepared their minds by the study of the accumulated learning of those who went before. If one does not know the past, how can one prevent the repetition of the follies of the past? How can one plan wisely for the future? Our speaker let us see how this affects the universities themselves.

We live in a non-interference universe as Titus Lucretius

Carus enunciated more than 2,000 years ago. The unselfish exercise of the combined minds of our lawmakers, our architects, our scientists, our philosophers, our statesmen and our engineers, is the only way that creation's locked-up secrets can be released to the wisest and fullest progress of humanity and the fulfillment of God's purpose. It was never more true than today, for there are so many seeking inspiration to prove man's lot that has been expressed as half the scientists who ever lived are alive today. The key to all that then rests with those who plan the structuring of our universities. That is why, Dr. Deutsch, we are in your debt for your life's work and very precisely your message. Please accept our gratitude.

MARCH 19, 1973

Our World of 1973

AN ADDRESS BY The Honourable John B. Connally
FORMER SECRETARY, UNITED STATES TREASURY FORMER GOVERNOR, STATE OF TEXAS

JOINT MEETING The Empire Club of Canada
The Canadian Club of Toronto

CHAIRMAN The President,
The Canadian Club of Toronto,
John E. Brent

MR. BRENT:

I am a little uncertain today as to how I should introduce our head speaker when I know that all of you have heard so very much about him but maybe you can help me. Tell me, how do you introduce a man who, although he is still in the prime of his life, has already had several and varied outstanding careers—a highly successful lawyer, a several times decorated naval officer, a leader in many, many great business enterprises, Secretary of the Navy for the United States, for three terms Governor of the State of Texas, Secretary of the Treasury of the United States? I am reminded of twin brothers that came to America to seek their fame and fortune and one went to Texas and the other came to Canada and they were highly successful. They were so successful they didn't have time to meet for many, many years. And finally one weekend the Texan came to Toronto and his brother was delighted to have the opportunity to present his charming family, his beautiful house, to show him his fine cattle farm, his racing stables, his great offices and plants. But everything he showed his brother from Texas, the Texan had something much bigger and better to tell him about. So he then took him around Toronto to show him the sights but everything in Toronto the Texan could tell him something in Houston or Dallas that was much bigger and better so the Canadian was getting somewhat chagrined about this. So he took him to Niagara Falls as a last resort and as they looked at the Falls, the Canadian said "Do you realize that there are 18 billion gallons of water that flow over that Falls every second? You haven't anything as big as that in Texas!" And to his delight, the Texan said "No, you are absolutely right, we have nothing that can compare to that in Texas." But then his face brightened up and he said: "But I know a plumber in Texas that could turn that thing off."

Well, now I have to introduce our guest speaker. He started in the University of Texas and graduated with a degree in law. His first brush with politics was as a secretary to a man you may have heard of, Lyndon Johnson, in 1939. He left that job in 1941 to join the United States Navy as an Ensign and after active service in the Atlantic and Pacific war theatres, he left the navy in 1946 with the rank of Lieutenant Commander. Now I should explain to some of our American friends that here we don't pronounce things—we pronounce them in a very British and not a French way. In American they say Lootenant Commander. I can only speculate that it must have been John Connally's service on the aircraft carriers Essex and Bennington that taught him how to make waves because he soon began to make waves and they kept getting bigger and bigger and bigger. After he had launched several highly successful business enterprises, he then returned to politics as the Administrative Assistant of Senator Lyndon Johnston in 1949.

In 1960 President John Kennedy designated John Connally as the Secretary of the United States Navy. He left this post in December 1961 to become the Governor of the State of Texas and he continued to govern that great state for three consecutive terms.

Although John Connally is a lifelong and staunch and strong Democrat, President Nixon, and I haven't even heard that

President Nixon has yet joined the Democratic Party, but President Nixon appointed John Connally as the Secretary of the Treasury in 1971. Now I think you will agree that it is an understatement to say that as Secretary of the Treasury he played an unusually vital and, might I even say, a dominant role in world monetary and trade realignments.

It is said that behind every outstanding man there stands an astonished woman. Now I don't believe that Mrs. Connally is astonished. I can't believe it after all these years but she is charming, she is attractive and she is here and we are delighted that she is here and I am going to ask Mrs. Connally if she would please stand so that we may all welcome her. Mrs. Connally.

It is now my great honour to present a man who has never hesitated to make waves in the things in which he really believes. Big waves!—in his state, in his country and throughout the world. Ladies and gentlemen, a great American, John Connally.

THE HONOURABLE JOHN B. CONNALLY:

I hope you know what a great privilege it is for me to be here today and have this opportunity to speak with you. As I listened to this extravagant introduction that your President gave me, I couldn't help but think of something my daughter-in-law said when I came home from my sojourn as Secretary of the Treasury. You said, I had several careers in my lifetime and my daughter-in-law after she greeted me, I thought rather affectionately, she turned and said ''Too bad you can't hold a job''.

And also, it was called to my mind when he was talking about my past and what little I had been able to contribute and the fact that behind any successful man stood a bewildered woman, I was reminded of the couple who went to dinner one evening and the man was being honoured, all his friends turned up in great numbers and the number of people spoke about him and what magnificent contributions he had made to the community, to the state and to the nation and he sat there aglow during all these magnificent tributes and as they were going home he leaned back in the car in the back seat and said in a rather philosophical way, ''You know, dear,'' he said, ''there really are a lot of great men in the world, aren't there?'' She said, ''Yes, my dear, there are but there is one fewer than you think.'' So, if nothing else, I assure you that my wife insists that I maintain a high degree of humility in whatever I've done.

I'm deeply honoured to be here today. I wish I could have stayed longer in this magnificent country because there is much to learn. Among other things, I learned that this Club—the Canadian Club is 77 years old and that The Empire Club is only seven years younger, being organized in 1903. And even more fascinating was the reason for the organization of The Empire Club. Now I wonder how many of you really know it? The Empire Club was organized in 1903 because a great many people in Canada felt that there were too many members of the Canadian Club that were too pro-U.S. I understand there is now a merger talk between the two and I'm not sure, I haven't found out yet, on what basis they're going to merge. But I do, indeed, want to speak to you for a few moments. I tried to be as brief in my prepared remarks as I could because we are going to have a question and answer and, frankly, I'd much rather devote time to that than to my prepared remarks, so if you will bear with me, I will get through these as quickly as I can and then implore each of you to ask any questions that you have on your mind. And don't be in the least reluctant. I assure you I will not be embarrassed by your questions. If I am, I won't show it and I certainly won't be offended, and if I am, I won't react to it. And if I don't know the answer, I'll tell you, so you will have at least a few moments while I continue with my remarks here to think up some questions you might want me to comment on.

I think all of us here today, if we thought about it at all, recognize the great drama and opportunity and the danger really of our world of 1973. Political and religious turmoil shows few signs of subsiding in many diverse areas of the world. The ceasefire in Viet Nam did not end the fighting and bloodshed elsewhere. There is relative safety now, for the people of Saigon and Hanoi, but not for the people of Belfast and Londonderry. The Middle East remains a constant fountain of violence and distrust. Moreover, profound changes are occurring in world commerce, changes which will ultimately affect far more people in far more countries than the regional warfare so common since 1945.

What we are witnessing, obviously, is the end of one era and the beginning of another. Very few historical eras come to a close without a certain degree of upheaval and this is no exception to the rule. Twenty-seven years after the guns fell silent in the second world war, the post-war era is ending for the trading nations of Europe, North America and the Pacific. That era was shaped and faithfully served by agreements, arrangements and attitudes born of another time. The new era must be shaped and faithfully served by new realities born of our time.

That was a dynamic period of history from which we have just emerged. There were glooming happenings, of course, but think of the tremendous achievements mankind made in building stronger economies and stronger societies from the shambles of war. Think also, if you will, of the unique situation in which my country found itself at the beginning of this period. The United States, protected by two oceans from the destruction visited upon Europe and Asia, stood like a military and economic giant among the rubble. Of the $40 billion in gold reserves that existed on this earth, the vaults of the United States contained approximately $26 billion. Under conditions then prevailing, men could and men did reason that the strength of the United States was strength to which others might cling as they undertook the long and demanding labours of restoring their own societies and their own economies. Furthermore, Americans could and Americans did accept as the basis for their own policies, the conclusion that what was good for the world must be good for the United States itself. Accordingly, out of that time, a quarter century ago, there came into being a world in which the United States willingly accepted responsibility that others could not bear. Willingly bore burdens that others did not share and willingly lived with competitive disadvantages so that others might build their strength.

This willingness on the part of the United States not only sparked economic recovery overseas but together with military might, it also preserved freedom for a major part of the world. What were some of the specific results of this unique period? Just to quickly remind you of a few—four centuries of colonial history came to an end and from Europe's colonies some 63 nations emerged, not one of which has chosen the communist system in a free election. The United Nations survived a generation of turmoil and nationalism and earned several stars in its crown in the quest for peace. Atomic power—once the domain of a single nation—became, spreading from country to country, not so much a weapon of war, but a deterrent to war because it is the only arms advancement in history which has been held in abeyance by the men who invented it. The barriers of ages were pulled down with the establishment of the common market. An international economic system has been created which has brought unprecedented prosperity to the developed nations and brightened the future of the underdeveloped nations. Two of your country's and my country's most bitter enemies, Japan and Germany, became our strong friends. And last, but surely not least, an American President has moved toward understandings with the Soviet Union and China which broadened the horizons for commerce rather than conflict and renews the dreams of centuries that great nations may someday lay aside their arms and join together in the works of peace.

Now this really is a success story of the last quarter century. The nations of the free world are challenged to write a chronicle that at least equals success for the remainder of this century. But it will be written in different terms and from different points of reference for the world is turned and changed and the policies of the '40s and the '50s and the '60s no longer suffice. The postwar era, a rare time indeed in man's history, has expired. May it rest in the peace it so richly deserves. What has now happened, of course, is that the world has changed while the competitive disadvantages in which the United States willingly placed itself have not changed. Long after the need had vanished, the structure of world trade and finance abandoned realism. It was based simply on custom and convenience and an occasional contrivance. By the middle of 1971 the American trade balance was in rapid decline. Moreover, we could no longer maintain the fiction that the dollar was convertible into gold when in fact those dollars increased to a ratio of six to one over our gold reserves during the 1960s and the 1970s. We had simply expended our surplus and extended our credit until both were exhausted. The American image of invulnerability was clearly a delusion. It was again demonstrated that no nation is so large and so powerful that it is invulnerable to change.

That was the backdrop for the drastic actions beginning in August 1971 when President Nixon imposed a freeze upon the entire economy, imposed a surcharge on many imported items and suspended the convertibility of the dollar. The United States recognized finally that the economic world is a world of peers. The name of the game is competition and the system must be restructured to provide more flexibility in that system. Other nations have been notified that the United States now considers its needs to be of equal importance with the needs of other countries. While post-war objectives have changed, however, the American commitment to a liberal trade and payment system has not changed. We believe that there is a truly unique opportunity for all nations to begin building a durable trade and payment structure based on equity and realism.

There are today five great potential trading entities—the European community, the United States, Japan, the Soviet Union and China. Obviously, not all of these entities will have an enormous impact this year or next. China has yet to demonstrate its power though when it moves fully into the markets of the world it most certainly will be a force to be reckoned with. The Chinese are wise, aggressive, competitive people. While the present rulers of mainland China do not like free enterprise, we cannot forget that the world's best free enterprise businessmen are Chinese. And you can prove this in Canada or in the United States or in Taiwan or Singapore or Bangkok or anyplace else in the world where you find them. The Russians and Chinese will not enjoy a massive volume of trade over the short term because their political systems are not attuned to it. The economic planning of Communist countries is usually inward looking and while huge individual transactions are becoming the order of the day, the aggregate of trading is relatively small. But sooner or later, in my opinion, even the most autocratic governments must develop procedures that will enable them to participate willfully and effectively in international commerce and finance. The insatiable human appetite for a better way of life is not restricted to the capitalistic countries. For that matter, my travels around the world have impressed upon me the fact that all of the economic thinking is not done in Toronto or in London or in New York or in Tokyo. Even the countries now classed as developing nations are largely governed by technocrats. The standard of living may be low but the people who govern many of these nations understand international trade and monetary policy and they are fighting for their place in the economic sun.

Now, what of Canada and the United States in these changing times? Our trade picture is not something painted by a contemporary artist in the wake of world war two. As far back as the 1920s, 18% of American exports went to Canada. You remain our most important trading partner by far, accounting for more than one-fourth of our imports and exports. By comparison, Japan accounts for 9% of our exports and 16% of our imports.

Canadian-American conflicts on trade policy are the result of national self-interest and no one can fault either of us for that any more than Britain should be faulted for choosing the common market over the Commonwealth. By the same token, nations should not be criticized for casting around for trading partners in recognition of changing times. I do not believe that it is premature for Canada and the United States to do some casting about on its own. Looking toward the great Pacific basin as their most likely area of activity in their sphere of interest. Japan, Australia, New Zealand, Indonesia, all of South America, Mexico—are they possibilities for partnership in tomorrow's commercial world for you and for us? Canadians and Americans have always looked east to the rising sun without fully realizing that across the Pacific to the west the sun may be setting for those who cannot and will not adapt to change.

There is a great movement in western Europe to expand and consolidate the European community into a massive economic force. That movement has the full support of the United States although, frankly, we might wonder from time to time if the special trade arrangements being offered to fifty or so nations around the world is, indeed, what we had in mind when the creation of the European community was so encouraged. But as western Europe consolidates and strengthens, my own imagination turns to the Pacific nations and their future relationship and I am intrigued by what I see there.

As for our two countries, the barriers are not going to be erased tomorrow from Victoria to St. John's. A serious proposal to eliminate all trade restrictions between the United States and Canada would create such shock that national reaction might force a retreat even from the point where we find ourselves today. But in my humble judgement, the day is long since passed when we should begin to tear down and eliminate all of these barriers to trade. And it would be tragic, indeed, if men of goodwill are so hidebound by nationalism that they cannot explore new pathways or even express the hope that a political boundary line should not control the flow of money, materials and ideas for all time to come. Our trade and monetary systems must become flexible enough to bend to the inventions of science and the dedication of men to create new and better products and find better ways to exist in peace and harmony. Governments which attempt to forestall or repress the irresistible force of change do so at their own risk. No civilized society can thwart each succeeding generation from probing, experimenting and innovating. The earth's geographical frontiers have, indeed, been explored but the frontiers of the mind and the frontiers of commerce may well be limitless. A change is obviously disturbing to many people. We do not always like to see the mutation of our values and our traditions. But it is the responsibility of leaders to be in the vanguard of change and to give it direction. If slowed by inertia, change can become revolution. If accelerated to a pace which the people cannot understand or absorb, change becomes a fearful creature and the forces of reaction come forth. It's a matter of balance and a matter of tolerance. And in the case of the world trade, a matter of tempering our parochialism and protectionism with a good dose of liberality and internationalism. When I was Secretary of the Treasury of the United States, I was sometimes accused of chauvinism, of being too tough in negotiations. But if I reflected impatience in my talks with other nations, it was the expression of an irresistible urge to speed the process of ordering a monetary system that had crumbled and a trading system that is essentially inequitable. Neither of those systems recognizes the change that has already occurred in the world economic system much less the changes the future will inevitably bring.

My one great fear is that too many political leaders in this complex world and in these complex societies will succumb to the human instinct to maintain or attempt to maintain the status quo. To whatever level I can raise my voice as a private American citizen, I will do it for new directions and new ideas. That's why I believe Mexicans, and Canadians and Americans should begin looking together for a better way of trading with one another. We inherited the northern part of the new world and its newness has not worn off. If the older nations of Europe which gave us our customs and our languages are moving closer to each other, is it unthinkable that we in the new world can do likewise?

These are challenging and exciting times in which we live, racked by violence and yet enlightened by human achievement, torn by dissension and yet healed by men everywhere who are willing to work for an enduring peace and a prosperous world. It is a time for exploring new horizons and I suggest that we get on with it so that this generation can say with conviction that we started a new era in a spirit of hope and courage intending only that our works improve the prosperity of nations and the lives of people. Thank you very much.

MR. BRENT:

The United States experienced one devaluation in 1971, she has just gone through another one. Mr. Connally, do you think this is the end or is there likely to be another. Now I am going to turn the mike over to you and I hope everybody will ask what questions you would like.

MR. CONNALLY:

You are so right—we have indeed gone through two but something has been added, Jack. I used to, in talking with the Finance Ministers and the Governors of the Central Banks, we all used to agree that particularly Finance Ministers were expendable because they were often called upon to say things they had to eat a few days later or a few weeks later. But something new has been added now in the aftermath of two devaluations of the dollar.

The President of the United States has said there would be more and I think you can rely on that.

MR. IAN WAHN:

I am a member of the Canadian Club. If Canada were to decide to conserve its oil, gas, water, mineral and other resources and limit delivery of those to the United States, would such a decision be accepted philosophically by your country in your opinion or might we expect political, economic or military pressure to reverse it?

MR. CONNALLY:

Did you all hear the question? Now I'd sure like to hear the answer. Let me respond to you this way. What you have is yours—you can do with it what you wish, that's your prerogative as a sovereign nation. I would assume that if you are going to deny all your oil, your gas, your water, your timber, your resources, your nickel, your gold or your coal, whatever you have in the way of natural resources, you're going to deny those to the United States in order to conserve them yourselves. I assume that you will equally deny them to other nations around the world. Under those circumstances I don't know that the United States would have any cause to complain at all. If on the other hand, if you denied them only to us and continued to market them and ship them to other nations around the world, I don't know how we could do anything but assume that this was a punitive action taken directly against the United States and then you might hear a little flap about it.

Let me also add that under those circumstances, and this is one of the things we all have to face up to, we all want to protect what we have but we all want to produce what we can and ship it to the other fellow. Now if we permit this nationalism to grow to the point where we want to husband every resource that we have, and assume we are going to live off of selling to the other guy then I think every nation as they view their own wave and rise of nationalism must be prepared to consume everything it produces because consuming nations now have rights, as we found out, consumers everywhere not just nations, they all have rights I found out to a remarkable degree. It's not just the producer but the consumer as well and what is applicable to individuals is also applicable to nations. So I think we all have to frankly use our best efforts to put down this increasing wave of nationalism that's sweeping the world. It's not just in Canada, not just in the United States, it's all over the world—in every continent.

QUESTION:

At a time when the United States is trying to establish its position as a peer among the nations of the world, is it not possible that the developing nations, the Third World, might be left farther and farther behind in their quest for progress?

MR. CONNALLY:

That fear always exists, of course, but I don't think that anything that your country has done or our country has done that would be a warning or a sign of disinterest or a matter of concern really to the developing world. We've done a great deal for the developing nations of the world. I assume we will continue to do so. But I think again this presupposes that all the productive nations of the world, all of them, assume their pro rata share of the burden of helping the developing world. But certainly I don't think we are going to turn our backs, you or we, on these developing nations.

QUESTION: (MR.CONNALLY REPEATS)

The comment is one of the things I forgot to mention in my remarks was the marvelous achievement and the creation of the general agreement on tariff and trade and is it now in limbo, is it forgotten or what will be its future?

MR. CONNALLY:

I did not mention it. It has served us well. I think it is going to have to be reshaped as well, very frankly, because if it is not shaped to provide a more flexible system of self-policing, of trade arrangements, then I think the political considerations are always going to override economic considerations. This is something we must constantly keep in mind that those of you here, the business community of this country and the business community of every country in the world have a great opportunity, and more than an opportunity, you have a responsibility to bring about many of the changes that must be made in the trading systems around the world, because you operate without the pride, without the arrogance, without the fears that inevitably plague men in political life in every nation, large or small, you do it on an objective basis. And you can be in the vanguard of many of these changes and you have a duty to do it.

QUESTION:

Is there any chance that you might be able to advise us of your Presidential aspirations?

MR. CONNALLY:

I can answer that very easily—I have none.

QUESTION:

Mr. Connally, have you found any change in pace of negotiations between Canada and the United States since the oncoming of the minority government in Ottawa?

MR. CONNALLY:

No, I think, frankly, negotiations between our two countries to iron out some of our difficulties have been stalled for some time, for months and even years. I don't think we are making the progress that we should be making and I think it behooves both countries to set about doing it because these problems are not going to go away. They are going to live with us. We are going to have to make up our minds that we are, indeed, living in a different world, we are plagued by different rules than we have known. We're not going back to the same ground rules that we had in the aftermath of world war two. We are not going back to what we had as late as 1969 and 1970—the world's changed and we better recognize it. We better help try to shape it, shape it to our own benefit and the benefit of our trading partners around the world. Frankly, the problems, and there are relatively few, but the problems that exist between Canada and the United States ought to be settled and the longer they drag on the more difficult they become, for both of us.

QUESTION:

Mr. Connally, you have said that the United States and Canada ought to be casting about for new trading partners in the Pacific. Would it be right to interpret this as the expression of a certain disappointment with your trading partners on this side of the Atlantic?

MR. CONNALLY:

No, not at all. I think again we have to recognize the facts. What are the facts? There has come into being the European community, the European common market. Great Britain just entered it in January. There is no question that the European common market has offered preferential trade arrangements to approximately 50 countries around the world, particularly around the Mediterranean and in Africa. There is no doubt in my mind that the European common market, not maliciously, not to our detriment or your detriment, but the European common market is going to concern itself primarily with a perfection of their economic, their financial and their political system during the remainder of this decade, and the reason I say that is simply because they are human and they're going to try to make that European common market the largest trading, the most powerful economic force in the free world. That's their objective and I have no criticism of it. That's fine. But let's recognize it for what it is. So I am not unhappy with them. We've helped them. The United States has sponsored the European common market. We did everything we know how to push them into it. Now, there it is. Now where do we look. This severs all ties. The creation of the common market changed the trading pattern of many nations of the world. The Commonwealth as it was known for centuries is no more. The relationships are changing. Now if they are going to form a common market, I simply threw out for thought provocation the idea that perhaps Canada, United States, Mexico, South America ought to join hands with New Zealand, Australia, Indonesia, China and Japan. Form a trading bloc of our own. You say well this flies in the face of internationalism. Well, let's don't wear blinders. It's fine to say we ought to have an international system, it's applicable to everybody. But show me one, where is he? You think Japan is playing by the rules of the world today? You think the Soviet Union is going to play by the rules? You think that mainland China when she comes as a force into this world is going to play by the rules? They're playing by the wrong rules for the moment and I don't criticize them for that. That's their sovereign prerogative. But let's don't be silly enough to assume that they're going to be coming in and playing by our ground rules, because they're not. That doesn't mean we can't trade with them. Sure we ought to trade with them. I hope you all sell them everything you can, we're going to do the same. But let's don't kid ourselves about it.

QUESTION:

In the past the pattern of trade and payments between Canada and the United States has tended to be one in which Canada earned a surplus on current account with third countries which did not fully pay for its deficit with the United States and had an inflow of capital to make up that difference. You expressed the view that past patterns are no longer necessarily the ones that should prevail in the future. Have you any idea as to what you think the appropriate pattern of trade and payments between Canada and the United States should be in the next period of the future?

MR. CONNALLY:

No! I don't know what the precise pattern of trade between Canada and the United States should be. I think that's going to have to be left largely to economic forces. This is precisely what I've been trying to say. Let's let the forces of the economy work it out without too many political contrivances being brought to play. It may well be in the light of all the circumstances that we're going to run a deficit with Canada for a long time to come. Up until 1965 we were running approximately a $600 million surplus with Canada. Since that time we have been running a deficit. We may, just by the nature of things, run a deficit with Canada for a long time to come. But we can't do it with every country around the world and you can't always just let, as you well know, one product flow back and forth or even trade between two countries because we're the largest consuming nation in the world so we have to take into account our consumption of goods from all over the world, from industrial nations and the developing nations as well. But somewhere along the road, the United States has run a trade deficit now for 23 consecutive years. We're going to have to reverse that at some point. We just can't forever run a deficit because our deficit is somebody else's surplus around the world. That's all I'm saying. It doesn't necessarily mean that even in our future relationships that we have to even be equal with Canada.

QUESTION:

One of the major problems of the last few years has been the enormous outflow of capital from the United States, and these billions and billions of dollars are now sort of knocking around loose in the world and causing a fair amount of the trouble we've seen on international currency markets. What do you foresee happening to that which is already out there and what sort of things might happen as far as the future outflow of capital of the United States is concerned?

MR. CONNALLY:

Well, frankly, I think that we were quite unaware, as most nations were, of the magnitude of the dollar outflow over a long period of time. There is today approximately $80 billion in official hands around the world and at some point we are going to have to sop these up. You've just heard Secretary Shultz say that we were going to try to support the dollar without being specific in the manner and to the extent, it is very obvious that we are going to do it through probably a variety of means including swaps arrangements, and so forth, with other countries. We would hope that we can entice those dollars back and get them back into the United States one way or another. We don't want frankly to impose restrictions on the outflow of dollars from the United States to the rest of the world. Again we have to look back at a time just a few short years ago, the world was crying for dollars, crying for capital. There is a shortage of investment capital still in the world today. If, indeed, the United States had not permitted the outflow of dollars at that particular point in time, unquestionably the economic recovery of the world would have been retarded to a tragic degree. But like all things, you never quite see the danger points so we didn't stop it perhaps at the proper time. Dollars, they are a commodity. Money is a commodity like anything else. I don't want to see any more barriers or restrictions put on it than I do on any other commodity and I think it's in the best interests of all of us that we try to have an unrestricted flow of goods and services and commodities to the maximum extent possible, just as fast as we can and I think that's particularly true between the United States and Canada.

QUESTION:

The question is was the automotive agreement entered into in 1965 a form of foreign aid from United States to Canada in order to try to gain Canada's support for Viet Nam and for other purposes?

MR. CONNALLY:

Well, I think probably the best answer to that is a simple answer. No!

QUESTION:

We will be having an election in Quebec. Suppose that the Parti Québecois was taking over in Quebec, and having trouble dealing with the problems, they will ask the Russians for help. Now in Canada we have ten thousand fighting soldiers. Can we count on the Marines for help?

MR. CONNALLY:

I merely comment by saying that we just extricated ourselves from a brush war. I don't really believe that you ought to anticipate getting help from us under those circumstances.

We have time for a couple more questions.

QUESTION:

With the cessation of hostilities in Viet Nam and the withdrawal of the United States forces and material, are there going to be internal problems that will encompass the energies, the minds, the resources, the ingenuity of the American people to solve them within our own boundaries?

MR. CONNALLY:

The answer to that is "yes", but I think with a qualified "but". Simply, that I think the amount of resources are going to be available for other purposes merely because the cessation of the war in Viet Nam had been grossly exaggerated. The United States is not now going to materially or substantially reduce its defence budget. We don't think we can. We're going into negotiations with the Soviet Union on a mutual balanced force reduction. The President has already laid out his defence budget for next year. There is not going to be any decrease, as a matter of fact he is asking for a small increase in that defence budget. I think you are going to see, until a far greater degree of progress is made in ensuring peace and tranquility insofar as it can be ensured around the world, that we are not going to drop our defences one bit. We are, of course, going to concern ourselves with internal problems. The United States is going to continue its fight against inflation. We are indeed in the middle of, as most nations are, of environmental problems, of pure water and clean air. These will proceed apace. We will undoubtedly continue in the infrastructure of the United States. It is significant that, for the first time in the history of the United States, in welfare programs 42% of the budget now goes for those purposes, for social and welfare purposes, 36% go for defence efforts of the United States. This is the first time in the history of the United States that our social programs have demanded a larger percentage share of the budget than our military needs.

We'll take one last question.

QUESTION:

How is the United States going to protect itself against foreign investment when all of these dollars that are in foreign hands come home? Is that basically your question?

MR. CONNALLY:

Well, frankly, we're not concerned about it. We want all of you and, incidentally, I know this is a great problem in Canada, it is a great concern here that so much of your assets, your resources are supposedly controlled by Americans. One little interesting statistic I want to give you, on a percentage basis and on a per capita basis, Canadians own more of the United States than we own of Canada. But, frankly, we want them to come home. You can invest in the United States just like any of the rest of us. We're, frankly, trying to entice countries in Europe. We want them to invest. We want them to own. We're going to have enormous balance of payments problems with the Arab world from which we are going to be buying oil. We want them to invest in the United States. They can help us build refineries and pipelines and superports or anything they want to if they'll just come and spend their money with us, we'd be delighted. That sure goes for ya' all. Thank you very much.

Mr. Connally was thanked on behalf of The Canadian Club and The Empire Club by Mr. Joseph H. Potts, President of The Empire Club.

MR. POTTS:

Thank you Mr. President, Mr. Connally, distinguished guests, ladies and gentlemen:

Mr. Connally, we accept without question your answer that you have no Presidential aspirations. I think, however, for the record it's appropriate for me to advise you that Winston Churchill spoke to The Empire Club before he became the Prime Minister of the United Kingdom. Edward Heath spoke to The Empire Club before he became the Prime Minister of the United Kingdom and Richard Nixon spoke to The Empire Club before he became President of the United States. I just want you to know that so if you should happen to change your mind, this meeting will have served a useful purpose.

Last week when I was drafting the notice of this particular meeting I enquired of the Secretary of The Canadian Club as to whether or not Mr. Connally had given him a title for his address. I was advised that there was no title and that there would be no written text. That rather intrigued me—thinking in terms of a Texan without a text and even without a title.

However, in fact our guest did refer to a text but it was quite clear and obvious to all of us that he really didn't need to do so judging by the manner and the performance in handling questions from the audience.

Mr. Connally you refer to the discussion of possible merger between The Canadian Club and The Empire Club, let me assure you that that talk has gone on for seventy years just as talk of merger between our two countries has gone on for slightly more than seventy years. It might come about though.

The Canadian Club of Toronto and The Empire Club were both founded over seventy years ago for the purpose of giving their members the opportunity to hear prominent men speaking with authority upon the issues of the day. Both Clubs are firmly committed to the oral tradition. This perhaps is even more important today than in years gone by, particularly with the advent of television.

It is one thing to read in the newspaper or to hear on television what men of the stature of John Connally have said—it is quite another thing to meet him personally and to hear his words without the intervention of electronics.

We have today been privileged to hear Mr. Connally's views expressed with great clarity and great conviction. It does not follow that all of us necessarily agree with everything he said today or has said in the past but we are deeply in his debt for having taken the time and the trouble to deliver them to us. Indeed his presence here and his message are in the finest tradition of both Clubs.

The name of our guest speaker is well known in Canada. Indeed it has been associated with some rather anxious moments in our country's history. I think we all recognize that the root cause of many of our problems has often been the absence of meaningful communication and consequently misunderstanding.

Mr. Connally has communicated with us today in a most effective fashion. On behalf of every member of The Canadian Club, of The Empire Club, and our guests, may I assure you, Sir, that we all welcome you heartily and thank you most sincerely.

MARCH 22, 1973

Vietnam

AN ADDRESS BY The Honourable Mitchell W. Sharp
P.C., M.P., SECRETARY OF STATE FOR EXTERNAL AFFAIRS

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

The Precarious President—such is how I describe my role and that of my predecessors. One can never really rest assured that the guest speaker will in fact arrive. Moreover, history has a tendency to repeat itself. On Nov. 24, 1964, Mr. Sharp was scheduled to speak to the Club but unfavourable weather conditions prevented him from doing so, and the then President, Robert Hilborn, delivered his address in his stead. Mr. Sharp accepted a return engagement during the following April at which time he remarked that "The advice I received from some of my friends who were here on that occasion was to have Col. Hilborn deliver all my speeches." In the result, Mr. Sharp has established a record for the Club as being the only person who has delivered two speeches—albeit one by proxy—during the same season.

Some might be inclined to say that I am just a little more lucky than Bob Hilborn but I would prefer to attribute our guest's presence here today to the fact that I have a slightly closer rapport—with the angels—than he had. The weather was with me.

In any event, let me say to you Sir, that we are all very much in your debt for being with us today. We fully appreciate the extremely heavy pressures to which you have been subjected in the past few days and to which you are still subjected and we are very grateful to you.

I should also add that our guest had every excuse to leave me in the lurch because I have treated him in a rather shabby and a cavalier fashion. Last July, I wrote to Mr. Sharp and confirmed his engagement to us on January 18 . In September I asked him if he would agree to a different date since it appeared that January 18 was the only date when Prime Minister Bourassa could speak to us and I felt it was extremely important that Prime Minister Bourassa's voice should be heard in the Province of Ontario. Mr. Sharp was good enough to accede to my request and we settled on March 8.

Well, in January, I was in contact with officials in Mr. Sharp's Department with respect to the possibility of Robert McNamara speaking to the Club. They ultimately asked me whether or not March 8 was available because that was the only date when Mr. McNamara could do so. You can imagine my consternation and my dilemma. I was particularly anxious that Robert McNamara should address the Club but I was equally anxious that Mitchell Sharp should do likewise and I simply didn't have the unmitigated gall to ask him to switch a second time.

I solved my dilemma by advising them that the date was not available in that their boss, Mitchell Sharp, was scheduled to speak on that day, but I did indicate that it was conceivable that he might be prepared to accept an alternative date in view of the fact that his Department was endeavouring to facilitate Mr. McNamara's visit to Canada but that I was not willing to discuss such a possibility with him. Well, curiously enough, in the result someone else did and he graciously obliged once again.

When I had occasion to meet him shortly thereafter, as you can imagine, I thanked him profusely for his kindness but he replied with complete equanimity—"Think nothing of it Joe—just refer to me as 'Mitch the Switch'."

We are all the beneficiaries of his kindness since we have the privilege to hear him today, fresh from his visit to Viet Nam.

Mitchell Sharp was born in Winnipeg in 1911. He studied at the University of Manitoba and at the London School of Economics, later becoming an economist with James Richardson and Sons Limited. In 1942 he was recruited by the Finance Department of the Federal Government where, in 1947, he took part in the negotiations which led to Newfoundland's entry into confederation. He moved to the Department of Trade and Commerce in 1951 as Associate Deputy Minister. In this capacity he attended many international commodity conferences and led the Canadian negotiating teams for several International Trade agreements.

In 1958, Mr. Sharp left the government to become a Vice-President of Brazilian Traction Light & Power Company, a position he resigned in 1962 to enter federal politics as a Liberal candidate. He was narrowly defeated in the 1962 election, was elected in 1963 and was named Minister of Trade and Commerce.

As minister, Mr. Sharp had ample opportunity to utilize his long experience in international negotiations. In 1963, he led the Canadian delegation to the GATT meeting in Geneva which launched the ''Kennedy Round'' of Tariff negotiations.

He subsequently became Minister of Finance in December 1965 and Secretary of State for External Affairs in April of 1968.

While this brief biography sets out the salient facts of Mr. Sharp's career as the public knows it, it does not do justice to the man as he is. Mitchell Sharp left school at 14 to help in the support of the family, he continued his education at night until his matriculation, later working his way through university and, finally, through sheer dedication and hard work, managed post-graduate studies and a year at the London School of Economics with only such funds, during that time, as he could earn while studying. Fortunate above many of his colleagues, he was assistant to one of Canada's greatest civil servants, the Deputy Finance Minister, Clifford Clark, and later moved from the Finance department to the Department of Trade and Commerce at the invitation of C.D. Howe. Blessed with a first-class mind and a capacity for hard work, equipped with a sound, formal education and privileged to understudy two such brilliant men, it is not surprising Mitchell Sharp has discharged his demanding duties without apparent stress or strain in a most professional manner.

Permit me now to quote from the lead Editorial which appeared in *The Globe and Mail* two days ago.

> ‘‘External Affairs Minister Mitchell Sharp’s personal mission to Vietnam was the most useful thing he could conceivably have been doing in the past few days, though it may not make any easier the Government’s decision on whether to stay or give up as a peacekeeper . . . . Apart from being able to assess the Viet Nam problem in a way that is not possible from even the best diplomatic reports, Mr. Sharp has made contact at governmental level in Saigon and Hanoi and has presumably impressed leaders in the South and North with Canada’s doubts about the International Commission of Control and Supervision. If there is a serious will to peace on both sides, that should influence their efforts to control the continuing fighting.’’

Ladies and gentlemen, it is now my great pleasure to present to you, a pianist of renown, a dedicated public servant and a distinguished Canadian, the indefatigable Mitchell Sharp, Secretary of State for External Affairs.

THE HONOURABLE MITCHELL W. SHARP:

After listening to Joe Potts organize a meeting of The Empire Club of Canada, I’ve decided that I am going to send him to Saigon to organize the International Control Commission or, alternatively, after the way he was able to persuade me, notwithstanding all these rebuffs, finally to appear here, I thought he might be suitable on the Council of Reconciliation and Concord that is now meeting in Paris.

Mr. President, Ladies and Gentlemen—

I am delighted to be your guest today. Your President’s timely invitation has given me the opportunity to speak to you on the subject that happens to be the most in my mind at the present time.

When I first was asked by Mr. Potts to come and address you, I had no intention or any expectation that I would be talking about Viet Nam. At that time I thought I might follow Mr. Connolly and set the record straight on Canadian-American relations but with my tropical suits not yet back from the cleaners, I thought that you might like me to speak today on Viet Nam.

However, I do not think that it is really possible to appreciate the difficulties of Canada's role in the new Commission and the dilemmas about continued participation without some background on the long years of involvement in Indo-China. This involvement reaches back almost 19 years—to the International Conference held in Geneva in 1954 by Britain, the United States, the Soviet Union, France and China. You may recall that this Conference followed the defeat of the French at Dien Bien Phu in 1954. This was the culmination of eight years of hostilities against the French Colonial Power by Vietnamese Nationalists—under the Communist leadership of Ho Chi Minh and the military leadership of General Giap whose reputation continues. The task of that Geneva Conference of 1954 was to establish a peace settlement which might prepare the way for free elections and the eventual reunification of North and South Viet Nam—objectives which, I think you will agree, have a familiar ring.

The Conference set up an international supervisory group known as the International Commission for Supervision and Control. Poland, India and Canada were invited to be its members. This body was despatched to Indo-China with the responsibility to report—and in this way it was hoped to deter—violations of the cease fire. And it was also intended that the Commission would play a role in the supervision of free elections.

In its first year of operation, the old ICC established a good record with some notable achievements. And particularly the supervision of the movements of refugees of which there were many hundreds of thousands, probably a million from North to South Viet Nam.

By the end of 1954, there were some 200 Canadians in the old ICC—about two-thirds of the number now serving with the revived or the new ICCS. These were located in both North and South Viet Nam. The task of the old ICC, at least from the beginning, was made easier by the fact that the ceasefire line was a more meaningful division. The Viet Minh, that is the Communist troops, in the South largely withdrew to the North. Not in leopard spots, which bedevils the present situation but North of what is now called the de-militarized zone. But of more importance at that stage, the principal parties wanted the agreement to work.

Unfortunately, the early successes of the ICC were not repeated. Commitments to the agreement gradually eroded and the International Commission slid into irrelevance. This was not because Canada had failed its responsibilities as a member of the Commission but largely because the adversaries in Viet Nam repeatedly and violently broke the terms of the International Agreement and from watching over a peace the ICC found itself watching a war.

You are familiar with the tragic escalation of the Viet Nam war—hundreds of thousands of soldiers and innocent persons killed and maimed, the damage wrought on people in every sense—socially, morally, economically and psychologically, and if I may add, not only in Viet Nam.

As the Commission could do nothing to halt hostilities you may ask, ''Why did we stay on with Canadians exposed to the hazards of war in both Hanoi and Saigon?'' Some Canadians did lose their lives in Indo-China. What possible Canadian or Vietnamese or humanitarian interest could we serve? Many have asked that question and when I assumed the responsibility of Minister of External Affairs, I asked that question.

I can assure you that successive Canadian Governments had serious misgivings about staying on. We did so because we knew that ultimately the war must come to an end—that it was unlikely one side or the other would obtain a clear victory, and that in these circumstances any peace supervisory machinery, however rusty, might be needed and needed quickly. If in this small way we could help to facilitate a settlement of the war, we were prepared to swallow our frustrations and keep on a skeleton staff which could spring to life, perhaps in a revised form, when a ceasefire was reached. But once over that road has been enough.

There were other reasons too. Although sometimes wrongly impugned as an American stooge, Canada and Canadian honesty in its work in Viet Nam was generally respected by all sides. Some of the parties to the war as did a number of Asian countries, indeed even while I have been Minister of External Affairs I have had these representatives from Asian countries, indicated that they wanted us to stay on. They also wanted an international presence, symbolic of the old settlement to remain intact.

Which brings us almost up to date. Let us look now at what has happened over the past three months:

> it's now three months since Hanoi and Haiphong were being bombed. That has now ceased;
> negotiations for a ceasefire went on in Paris;
> and on January 28th a ceasefire agreement was signed by the four parties—The four parties to that ceasefire agreement are the Republic of Viet Nam which is South Viet Nam, the Democratic Republic of Viet Nam which is North Viet Nam, the United States and the Viet Cong, they have various names, the legal term is the Provisional Revolutionary Government of South Viet Nam;
> Canada was formally invited to participate in the new peace supervisory commission along with Hungary, Poland and Indonesia;
> and only a very short time ago an International Conference of 13 participants, including the Secretary General of the United Nations, was convened in Paris to consider and endorse the ceasefire agreement;
> I attended as the leader of the Canadian delegation. We were there because we were a member of the International Control Commission and I unexpectedly found myself a co-chairman of the Conference.

I recall the circumstances—there had been a great dispute as to who was going to be Chairman. The only International Conference I ever attended where they hadn't decided who was going to Chair it before it was called. But at any rate, we arrived in Paris, no decision, seemingly no agreement. There was some talk about the members of the International Control Commission of the countries represented providing the Chairmanship in rotation with i.e. four co-Chairmen. Well overnight they decided that that was too much and at 8:30 in the morning I was called and told I was going to Chair, so my first task, which was easy, was to call the Foreign Minister of France to give some words of greeting but as soon as the press had departed and the television cameras had gotten out of the way, I had to Chair the meeting so I began by saying that my election reminds me of the election of the Speaker in the Canadian Parliament. I said that the tradition is that the Speaker is named and then he is carried kicking and screaming under protest to his chair. I said "I am a Canadian, I am a man of peace, so I will just have to accept my responsibilities."

> And most recently in the events of the last three months we had the talks between the Republic of Viet Nam and the other South Vietnamese Party and PRG—the Provisional Revolutionary Government which have now opened in Paris.

Now I have spoken briefly of the frustrations of the old commission and if you have a sinking feeling that history —insofar as the utility of the commission is concerned —may be repeating itself, I may tell you that I share this anxiety.

Because of this concern and because of our experience on the old commission, as soon as the possibility arose that Canada might be invited to participate in a new commission—we made it clear that we would only accept such an invitation if our conditions based on this experience were substantially met. And you probably have got tired of seeing me on television talking about this and I am sure I am even more tired than you are.

But over these last two or three months, I have made it clear to Canadians, to the world, to the Americans, to everyone involved, that Canada does not intend to repeat the experience of the old ICC. And if they expect us to serve then certain minimum conditions must be met.

Now the first and fundamental condition was that the provisions for the operation of the new commission appear workable and offer some prospects of being effective. More specifically we stipulated these conditions:

> that the belligerent parties, that is the Americans, the South Vietnamese, the North Vietnamese and the Viet Cong should be bound by the same agreements which set out the role and procedures of the new commission. Now this was one of the short-comings of the previous agreement people are inclined to forget that neither Washington nor Saigon were parties to the 1954 agreement and therefore never really considered themselves entirely bound by it. The signatures of all of the belligerents were in fact obtained in Paris so that condition was met.
>
> we sought a ''continuing political authority'' to which the commission or any of its members could report and consult and which would assume responsibility for the peace settlement as a whole.

I went to Paris and I urged the acceptance of such a continuing political authority. We would have preferred the United Nations as the continuing political authority. It was quite clear before I reached Paris that that was quite impossible so, instead, I proposed that the Secretary General should Chair the conference which I ultimately had to Chair. But the Secretary General should Chair it that he should receive the reports from the International Control Commission and that he should reassemble the Conference if need be because of a serious breach of the truce. We put that proposal forward and even the presence of the Secretary General as the vehicle for transmitting the reports of the International Control Commission to the other members of the Conference or as the instrument for recalling the Conference was unacceptable. And what emerged instead was an arrangement whereby the four Parties to the Paris Agreement, that is the belligerents themselves, are responsible for conveying to the participants in the Paris International Conference reports from the International Commission which the Commission has to submit to them and the views of its individual members. Now this is not a fully satisfactory arrangement by any means but you will see that at any rate we made some progress. I am quite satisfied that if Canada had not gone to that Conference and if I had not, from the very outset, put forward a proposal of this kind there would have been virtually no provision whatever for any continuing political authority:

> we also made clear that Canada could not participate unless invited to take part by all of the parties concerned. And this in many respects was the most important condition.

I was absolutely determined, so was the Canadian Government, that we would not be there as the representative of any party of any side in this conflict; that we were going to go there as the representatives of the international community acting in the interests of peace and that we could not be labelled as the representative of Saigon, or of the United States, or of China, or of North Viet Nam, however unlikely that might be. This was the objective. All the parties asked us to participate on the Commission.

Now, as you can see, we were not altogether happy with the arrangements and they didn't comply fully with our conditions and yet it is clear that an effort was made to accommodate our position.

With the signing of the ceasefire agreement in Paris we had to decide immediately whether or not to take part in the new international commission. As we did not wish to obstruct in any way the path toward a peace settlement and as it was too soon to determine whether the arrangements for the Commission's operations would be workable, we agreed to take part for an initial period of 60 days and dispatched immediately some 290 men and women to Viet Nam to form the Canadian team on the International Control Commission and we were very fortunate to be able to assign to this responsibility two very distinguished men, our Ambassador in Greece, Michel Gauvin, and General McAlpine, who was the military commander.

In this sixty days, which expires next week, we have to complete our own evaluation of the effectiveness of the Commission both in terms of its specific tasks and as a stabilizing presence.

It was my view that a personal, on-the-spot visit to the Commission and direct conversations with political leaders in Saigon and Hanoi would greatly assist me in making informed and responsible recommendations to Cabinet. It was also my view that this visit would assist members of the Opposition Parties to make their own judgments about an important area of Canadian foreign policy.

I said at one stage that I didn't think any member of the opposition should be entirely dependent upon what I said. I thought that was a very modest contribution to non-partisanship.

The visit also afforded us an opportunity to form impressions about the Canadian role in Laos where we have been asked to expand our participation in a reactivated Commission. This is the old Commission in which we are still present.

My invitation was not accepted by the Conservative Party but I was very glad to have with me Parliamentarians from the other Parties in the House and from the Senate.

With this group, a number of official advisers and 34 journalists, we set off from Ottawa a week ago Tuesday on a journey of 22,000 miles.

Most appropriate that I should be sitting here today alongside of the Japanese Consul General since our first major stop was Tokyo. I was anxious to discuss Viet Nam with my Japanese colleague, the Foreign Minister, Mr. Ohira, particularly as I felt the Japanese absence from the Paris Conference deprived those meetings of important and influential counsel.

On arrival at Tokyo I was agreeably surprised to learn that the Prime Minister of Japan, Mr. Tanaka, also wished to see me.

And I may say that I reminded him of his visit to Toronto when the Japanese Ministers were here for a joint Canadian-Japanese meeting some two years ago now I think. Mr. Tanaka at that time was Minister of Trade and Mr. Mizuta was the Minister of Finance and as sometimes happens, the Minister of Finance didn't quite make it to the top like the Minister of Trade did. Sorry I couldn't have got together with Mr. Mizuta to commiserate with him.

Both the Prime Minister and his Foreign Minister urged Canada to remain on the Commission despite the frustrations which they acknowledged. Their message was essentially "don't disturb the arrangements by withdrawal—peace is too fragile". This was to be the prelude of advice which was consistently given to me by almost every political leader with whom I spoke during our visit.

In Saigon I met with President Thieu, with the Prime Minister and with my counterpart, the Foreign Minister. I had a thorough briefing by the Canadian delegation to the International Control Commission and you may recall that from your readings of the newspapers that there was a famous reception in Saigon given by Ambassador Gauvin which was described as a "diplomatic coup".

It was, I believe, the first time that all of the parties to the Agreement, including the principal representatives of the Viet Cong, and North Viet Nam and the four ICCS representatives had all come together under one roof in Saigon.

And it really was quite a memorable occasion. I hadn't realized that I was such an attractive boy that I could get them all together like that but there they were and it's surprising that anybody except the Canadian press was able to get near the Viet Cong because our press realized this was a great coup and made the most of it.

Saturday morning we flew to the regional headquarters of our International Control Commission at Can-Tho. Can-Tho is in the key Mekong Delta area just south of Saigon. It was long and bitterly fought over as the rice bowl of Indo-China. This was a fascinating and illuminating experience. We received an excellent briefing from Canada's External Affairs and Military representatives and had discussions with members of the Joint Military Commission, as well as with the Polish, Indonesian and Hungarian members of the Commission.

The land in the Mekong area is still hotly contested.

Indeed, the news of the last day or so has indicated how hotly contested it is because the confrontation that is now taking place at about division level is in the Mekong Delta area and indicates how crucial this area is to the struggle now going on. The delta is quilted with leopard spots.

As I was saying, the difference between the 1954 agreement and the 1973 agreement is that in '54 you sort of divided Viet Nam in half and there were the Communists and south were the others, although, of course, there were the national liberation front in the south also. But in this case, in the 1973 agreement, it was a cease-fire in place so that the struggle that is going on now is for small areas, for villages. As you go through Viet Nam you can see the flags on the houses indicating the allegiance of the inhabitants of that area. You can imagine what it's like with the liberation front and the government areas sitting side by side. We learned that since the cease-fire came into effect in January, some 7,000 incidents had been reported throughout South Viet Nam. Some of these involved large-scale operations, possibly up to divisional strength. But from all of these incidents came only 31 requests for investigation by the International Control Commission, and from these requests only two reports have emerged. The Commission's frustrations as you will see are very real indeed.

There is one famous case that has been well documented was the investigation of some missiles that were said to have been located up in Kay San in the northern part of South Viet Nam and the difficulties that emerged for our Chairman, Michel Gauvin, in trying to get an investigation under way was simply too incredible to be recounted. First of all it was said that the photographs that had been submitted by way of evidence must be forgeries they were taken before the truce came into effect and so on, and so on, and so on. And in the end no investigation took place. The Commission divided two in favour of investigation, two against. And, you know, the argument of a straightforward Canadian like Michel Gauvin was: well, you know, they may be forgeries, let's go and find out if they are forgeries. They were taken before the truce, let's find out if they were there before the truce. That's what it's all about. But in fact nothing happened.

In Vientiane, I had a long conversation with the Prime Minister, Prince Souvanna Phouma. While recognizing a direct relationship between the war in Viet Nam and the use of Laotian territory for military purposes, he was particularly anxious to ensure some measure of international involvement in the future of Laos through the reactivation of the old ICC. We now have two people in Laos, that's the skeleton that remains. A cease-fire has been achieved. However, the two sides in Laos have not been able to find common ground for a military agreement on the modalities of disengagement and supervision. Until this takes place, it will not be possible for us to determine our response to the request for Canadian participation in a reactivated Laos Commission.

I also had discussions in Vientiane with representatives of the Pathet Lao.

Now the Pathet Lao are the political grouping in Laos that is opposed to the right wing element I suppose you would say in the Royal Laotian Government. But it is unlike the Viet Cong because the Viet Cong pretends to be the government of South Viet Nam where the Pathet Lao is simply a political force working in Laos and it is possible there to incorporate them into the government and this is now being done.

I raised with them the case of Lloyd Oppel, the Canadian Missionary who was seized in Laos last October. I was quite frankly shocked to hear them tell me that Mr. Oppel's release would be delayed until certain domestic political arrangements in Laos had been agreed. In other words until a government had been formed in Laos under the new agreement. I replied in very plain language, making it clear to him that there could be no possible relationship between the continued imprisonment of a non-combatant Canadian citizen and political developments in that country. He promised to report my position to his superiors and I also raised this question with the political leaders in Hanoi. They too promised to look into it.

The reason I raised it in Hanoi is that Mr. Oppel's name first appeared on a list of prisoners supplied by the Democratic Republic of the Viet Nam, so I felt justified in raising his name with them and they said we will take this up with our allies, the Pathet Lao.

Finally I spent a day in Hanoi talking with Prime Minister Pham Van Dong and the Foreign Minister Trinh. The first visit ever made by a Canadian Minister to the Democratic Republic of Viet Nam which we just recognized a few weeks ago in order to show our impartiality as a member of the International Control Commission.

All of my talks with political leaders in Hanoi and Saigon centred upon the question of continued Canadian participation in the Commission.

As I have already indicated, the views of all the leaders with whom I spoke were to the effect that Canada should continue to serve on the Commission. Most of these leaders emphasized that the consequences of an early Canadian withdrawal would be far-reaching. I have also received similar views from the governments of the United States, Britain, Indonesia and China. I made no commitment to any of them at that time and in case you think I am going to reveal any secrets I am not going to make any commitments here today because the question is still before the Government.

While the advice to us had a common theme, I think it is relevant to point out that each Party had its own distinctive reasons for wishing us to stay on.

For reasons which are very understandable governments of countries not directly involved in Viet Nam tend to suggest that any international presence is better than no international presence and it's even better if Canada is there. For Canadians our

19 years in Viet Nam have long since disabused us of any such illusions.

I found the attitudes of the leaders in South Vietnam very direct. They have no illusion that the ICCS would be able to discharge effectively the responsibilities set out in the Paris Agreement.

Indeed, I am inclined to think sometimes that the way we want the ICCS to work is just an amiable eccentricity on our part. I explained very frankly to the Vietnamese both in the South and in the North that the composition of the Commission made it extremely unlikely that the Commission would ever reach a finding unfavourable to North Viet Nam or to its allies in the South. At the same time I said that Canada would not hesitate to support a finding detrimental to the position of the Republic of Viet Nam if we felt that the facts indicated such findings because we take an impartial view. We don't look upon ourselves as representing any side in this struggle. Whereas, obviously, some of the other members of the International Commission feel that is what their job is.

The South Vietnamese leaders acknowledged this. However, they said that the important thing was to bring all points of view into the open. They also attached importance to the Commission's presence in connection with the political settlement.

In the North the political leaders replied to all of our suggestions by referring us to the terms of the Agreement. They regarded this as sacrosanct and like their counterparts in the South declared they intend to abide by the Agreement.

I asked Prime Minister Pham Van Dong of North Viet Nam which he regarded as having the highest priority, his country's desire for peace or the reunification of Viet Nam as a whole. He replied that the question of priorities did not arise as strict observance of the Agreement would lead to peaceful unification.

It was clear from these conversations that both the North and the South are expecting quite different and in some ways contradictory results.

In my conversations with Foreign Minister Lam and President Thieu, I raised the question of civilian prisoners in South Viet Nam. I urged them to consider the weight of public opinion in Canada and abroad on this matter. Both told me that they had already released five thousand civilian prisoners on the occasion of the recent lunar new year celebrations, and that they had provided a list of over five thousand additional civilian prisoners to the other South Vietnamese Party, that is the Viet Cong, for release in accordance with the Paris Agreement and Protocols. Both went on to contrast their record on this issue with that of the other side. They told me that of the 60,000 South Vietnamese civilians missing and presumed captured by the North Vietnamese and Viet Cong, only two hundred or so had been included in the list required under the Paris Agreement and Protocols. This will give you some idea of the flavour of the situation or of the atmosphere.

If I appear to be passing out a lot of bouquets, it is not to be diplomatic—but because they are more than justified. I was enormously impressed and proud of the efficiency and dedication of our people in Indo-China—both civilians and military. Many of them are working 16 hours a day, 7 days a week in appalling conditions. Their challenges and frustrations would be daunting on a weekly basis. Theirs are daily. The problems are not only those of a political and military character. Just as often they are administrative. It was soon abundantly clear to me that had it not been for these Canadians, it is doubtful that the ICCS would have been in any position to be even potentially effective.

I would not like to leave you with the impression that nothing has been achieved and that this enormous effort has all been in vain. However unsatisfactory we find the present situation, it is an obvious improvement over the situation that existed before January 28. Prisoners of War on both sides are being released. Very soon the last American forces in Viet Nam will have departed. The ICCS had its role to play in these developments and if it did nothing else but help to provide the framework within which these accomplishments were made possible that in itself is ample justification.

You will have noted from what I have said that the Canadian approach is cautious, but it is also responsible—responsible to Canadians who would not wish us to make reckless and unrealistic commitments and responsible to society at large which earnestly wishes an end to the bloodshed.

In conclusion I would emphasize that it has never been part of our mission in Viet Nam to make peace. That can only be done by Vietnamese themselves. Others have tried without conspicuous success and we have no such ambitions. We had felt that our readiness to respond to the unanimous request that we participate in the ICCS at the beginning could help to give a start to the cease-fire—imperfect as it might be. That it has done. What now must be decided is how much further we should go. It has been my object during the past few weeks to ensure that the Canadian public, the Parliament and the Government have the fullest possible information on which to base their judgment and I thank you for the opportunity of telling the story once again. Thank you.

Mr. Sharp was thanked on behalf of The Empire Club by Lieutenant-Colonel R. H. Hilborn, a Past President of the Club.

COLONEL HILBORN:

Mr. Sharp, you have been a very moving speaker. As our President mentioned in his introduction, you have moved from one date to accommodate Mr. Bourassa and from another to accommodate Mr. McNamara. May I say that you shouldn't feel too badly about this. This has become to be known as President Potts' proclivity. I have suffered in much the same way. I was asked at one point to thank the Premier of Quebec for his address and I was called a day or two before by the President to say that there was some youngcomer by the name of Royce who he thought would do a better job. So he really knows how to hurt a guy. However, he has redeemed himself in my book by asking me today to express the thanks of this meeting to you.

As has been mentioned, this brings me full circle. Our President said that on one memorable occasion, memorable to me at least, I stood before a large audience in this hotel and introduced you in absentia only to rise again to give your speech and I felt it a bit much on that day to call upon myself again to get up and for the third time to thank the speaker. And this was done with his customary élan . . . by General Legge, recognizing, of course, the content and not the delivery. But at last I have the opportunity.

We thank you particularly for coming to us at such a critical time and for so vividly and thoroughly putting us in the picture to the point where all of us, I am sure, share the dilemma facing you.

It's been of great value and interest to us that you pick up where the popular press leaves off that we may know the truth behind the apparent impotence of the ICCS and may have no illusions about how it works. We know now that the difficulties are not entirely concerned with the reluctance of Hanoi or the Viet Cong to co-operate. We know of your concern that our people may be condemned to the same fate as the almost nineteen year old International Control Commission out of complete irrelevance.

Many of us were disappointed that, perhaps because of an inability on short notice of appropriate serums or delay in renewing a passport that your genuine and generous invitation to the external affairs critic was declined, all of which you have said seems to me to support the telling argument for bi-partisanship in the vital areas of Foreign Affairs and National Defence.

Thank you, sir, on behalf of all of us here today for sharing with us your time, and your knowledge, and your grave concerns.

APRIL 5, 1973

Getting Out From Under

AN ADDRESS BY Margaret Atwood
WRITER IN RESIDENCE, UNIVERSITY OF TORONTO

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

It is my understanding that our guest today is not one who is easily shocked! Nevertheless, I must confess that the tactics, to which I resorted, in inducing her to accept my invitation were shocking to say the least.

I had tried the orthodox approaches in an endeavour to track her down—telephone calls during normal business hours in and about Toronto and New York City—but with no appreciable success. My wife was a co-conspirator, as is usually the case, in my little escapades, so when I reached for the telephone one morning at about 7:30, she exclaimed—''You're not going to call Margaret Atwood in New York at this hour?''—to which I replied, ''But of course.'' In the result I aroused our guest from her slumbers, talked to her when her resistance was low, and told her all kinds of wonderful things about The Empire Club—all of which were true. She told me she was intrigued with my proposal, that she would have to break some self-imposed rules as to her own conduct, but finally she succumbed and graciously accepted.

Miss Atwood, we are all delighted to welcome you to The Empire Club and we rejoice in the frailty of women! Although our guest has had a truly remarkable career to date, she is different from so many of us here today in that her future is not behind her.

I won't tell you how old she is except to say that she was only seven years old when I entered the University of Toronto.

She is now the Writer in Residence at that University having previously graduated from Victoria College and subsequently having taught at the University of British Columbia, Sir George Williams University, University of Alberta and York University. In addition she has worked as a cashier, a summer camp tripper, a waitress, a writer for a market research firm and as a film script writer. Also a director and editor of House of Anansi.

She is the author of five books of poetry, one of which, *The Circle Game,* won the Governor-General's Award for poetry in 1966. She also won the E. J. Pratt medal in 1961, first prize in the Centennial Commission Poetry Competition in 1967 and the Union Poetry Prize (Chicago) in 1969.

Permit me to cite a few lines from one of them, "Power Politics" which I found particularly appealing.

"You refuse to own
yourself, you permit
others to do it for you:
You become slowly more public,
in a year there will be nothing left
of you but a megaphone."

She has published widely in a variety of magazines, including The Atlantic Monthly, The Tamarack Review, The New Yorker, Harpers and the Canadian Forum. She is the author of two novels, the first, *The Edible Woman,* was published in 1969. It is a fascinating book and has been described as "the intelligent woman's guide to survival in the contemporary world. . . ."

The second novel, entitled *Surfacing,* was published last Fall. Kildare Dobbs, who is with us today, had this to say—I quote: "The restless, fastidious eye that saw, in The Edible Woman, the civilized world as an orgy of cannibalism is not to be placated. Surfacing presents a vision no less horrible and desolating, redeemed only by the perfect control and imaginative richness of the telling. The narrator may be at the far edge of sanity, but the novelist shows more than she knows.

"To concede that, of course, is to concede everything. Margaret Atwood's second novel is even better than her first, confirming her power and mastery of the form. A superb storyteller who brings intelligence and wit to bear in a compelling personal vision, she all but persuades us to go back to the woods—where none of these gifts will help us to survive."

Shortly thereafter her first work of nonfiction was published, entitled *Survival: A Thematic Guide to Canadian Literature.* It started out as a teacher's guide for colleges and high schools, a way of telling teachers how to handle Canadian literature, but as Robert Fulford has said—I quote,

"the book turned out to be much more than the author first planned. It turned out, in fact, to be that very rare thing, a critical work which is also a significant literary event. She does for Canadian literature in this book some of what D. H. Lawrence did for American writing half a century ago in *Studies in Classical American Literature.* Like Lawrence, she has written a book that is at once searching and challenging, a book that forces the reader to think not only about the books of his country but about the environment that produced these books."

Margaret Atwood concludes an explanatory note to "Survival" entitled "What, Why and Where is Here?" with the following words: "What a lost person needs is a map of the territory, with his own position marked on it so he can see where he is in relation to everything else. Literature is not only a mirror; it is also a map, a geography of the mind. Our literature is one such map, if we can learn to read it as our literature, as the product of who and where we have been. We need such a map desperately, we need to know about here, because here is where we live. For the members of a country or a culture, shared knowledge of their place, their here, is not a luxury but a necessity. Without that knowledge we will not survive."

Ladies and gentlemen it is now my pleasure and very great privilege to invite our exciting and a very distinguished Canadian to speak to us on the subject "Getting Out from Under".

MARGARET ATWOOD:

That account of how I come to be here was more or less correct. I explained to Mr. Potts at eight o'clock in the morning that I don't make speeches and anything I had to say might be rather disconnected. He said that was alright because they just had Marshall McLuhan. I also understand that Mr. Potts is a fund raiser for the Liberal Party and having been subjected to his technique, I now understand why the Liberal Party has so many friends. He also kind of indicated that he wanted some sort of title for what I was going to say so he could put it on the program, so I made one up. He then sent me a little red book and in this little red book there were the speeches of everybody else who had spoken at The Empire Club plus photographs of them all with their mouths wide open. Then after taking a look at the speeches I realized that every single one of them was on a heavy political trip of some kind so I thought that I couldn't speak on Getting Out from Under or everybody would get indigestion. So this speech is now untitled.

The prospect of speaking at this organization once I had woken up later in the day I found quite intimidating partly because *The Globe and Mail* phoned and asked me for my text. And I said "Text?" And secondly because Mr. Potts proudly informed me that The Empire Club had just let women in last year. And this reminded me of when I used to be a student at Harvard. There was a kind of somber hall where they all used to eat dinner and before they let women in there if a woman ever showed her nose during the luncheon proceeding they would all throw buns at her. So I thought you know that there might be a danger that some of these bun-throwing tendencies had lingered on at The Empire Club. But then I thought about that and I thought well if they're going to throw anything I would rather that it be buns rather than plates or forks. So I decided that I wasn't going to give a political speech partly because I'm not a politician and just about everybody else who speaks here is, so what was I going to talk about instead, and I thought I would give you some of my personal insights into my current situation.

My current situation is being a "thing". When I was in New

York my editor said to me "What are you in Canada now anyway? I mean, here you are a writer but what are you up there?" And he said "Are you a 'thing'?" And I said "Yes, I think I'm probably a thing." Now I must explain to you that being a thing is different from being distinguished. You can get to be distinguished without ever being a thing. As a matter of fact you can go from nonentity to distinguished without making that transitional phase. I know I thought of distinguishment as something that starts at your feet and works up and when it's got to the top you are a statue. I thought for a while that I was in danger of becoming merely distinguished, now however I am a thing. The difference between being a thing and being distinguished is that when you're distinguished people ask for your opinion on things but never listen to the answers because your role is simply being distinguished and it doesn't really matter what you say. Being a thing, however, is a culmination of being an icon, that is something that people worship, and being a target, that is something that they shoot at. I was informed by one of the Toronto newspapers this fall that I am the Barbra Streisand of Canadian literature. I'm not sure what the points of comparison are. To me Barbra Streisand is someone with a long nose and a very loud voice and I certainly have the wrong nose and I am gradually developing the loud voice but I had always thought of myself rather as the Mary Pickford of Canadian literature. Spreading joy. So when you're distinguished they ask but don't bother listening to the answers. And when you're a thing people make up what you are supposed to think without asking you about it and then they either praise or attack you for what they have in fact made up. This can be aggravating. It also gives you indigestion. So having found myself this kind of thing I paused and looked back over my life to see how I had become this thing. I used to be a writer and the difference between being a writer and being a thing is that writers just write books and they write away and they write away and most of the time nobody pays much attention to them because they are either ahead of their time or behind it. But what you happen to be saying coincides with what is going on in society; then you become a thing and this is what seems to have happened to me.

What is it then that I have said which has coincided with what is going on in the society thereby turning me into a thing. I think that it probably goes back to this book I wrote called *Survival*. The sub-title to *Survival* is ''A Thematic Guide to Canadian Literature'' and I consider this to be essentially a literary exercise and I think the assumptions on which it is based are quite rational and nothing to really have a lot of fuss made over. The assumptions are that a literature that a society creates and the society itself are not separable. That is they don't exist in water-tight compartments—there is some kind of relationship between them and that writers, especially novelists, are influenced to an extent by this relationship. If this weren't so we wouldn't have all those academic papers about Charles Dickens and his society and George Elliott and his society, and so on and so forth. I see no reason why Canada should be any exception to this general literary rule. If this weren't true in Canada we would, indeed, be unique among nations and that would be our unique Canadian identity.

So I started with this assumption and I then proceeded to discuss several key patterns, what I felt to be key patterns in the literature which taken together I felt made up the overall shape of the literature. But this is not a very eccentric thing to do. Those of us who are internationally minded and do read books from other places may have encountered a book called *The Englishness of English Art* and they may also have encountered a book by Mr. Fiedler called *The Love and Death in the American Novel*. Both of these books do essentially the same kind of thing that *Survival* attempted to do. However, when the book appeared, great shakes and cries went up from all kinds of quarters and I found that this reaction, or possibly over reaction, to what I considered a rather modest and small scale literary endeavour quite surprising and this gets us back to how you become a thing. If this book had appeared ten years earlier no one would have noticed it and if it were to appear ten years later it would be obsolete either because Canada will have overcome the problems which are noted in *Survival* and gone on to other problems or because there won't be a Canada. But right now this book seems to have hit a tender part of the national consciousness dead centre, thereby my state of thinghood.

Now, as I've said, part of being a thing is that you are a target and people shoot at you and this means that you are either—the metaphor is either that of a rifle range or sitting duck or that of a battlefield. I will choose the battlefield one because it gives you more scope. When you are on a battlefield you locate your relative position by where the bullets are coming from. Now several of the bullets have been fired shall we say at random and I'll pass over those lightly such as the remark by someone called Mr. Callaghan, Mr. B. Callaghan, that *Survival* will make high school teachers lazy which is, among other things, an interesting comment on the contents of the heads of high school teachers—dull sluggards. And I'll also skip over the man who didn't like my appendices and I'll also pass very lightly over the one who thought I was a bad influence on young minds as if in fact I had written a book of porno. If you squash Canadian puritanism in one place it pops up in another. It's sort of amusing to be considered an evil influence.

There was also a very strange reaction from Quebec which went something like—If English Canada is having an identity crisis, it shouldn't, because it doesn't have an identity and even if it does it's bad for them to talk about it because that isn't humanism. Better we should be modest, virtuous and humble, labouring in our narrow sphere and leave identity crises to those who deserve it more, namely Quebec. For them separatism, for us humanism. I found this reaction sort of peculiar, especially since it came from a place which had surely been through a lot of this before and therefore ought to have recognized some of the symptoms and I wondered, how come? And I figured, well, the usual Quebec cliche is that we are a country without a culture and they are a culture without a country and if we turn out to have a culture after all it leaves their parallelism disturbed and it leaves them odd man out. We get to have two things and they only get to have one.

However, let's go on to some other bullets fired from the extreme left and the extreme right. To the left we have claims that the real literature of Canada is one of the struggle of the workers versus the capitalists and not the literature that I have described at all, which was written by a lot of bourgeois copouts or defeatists, etc. Therefore, *Survival* and myself included are two of either the nasty yankees or something called—"my imperialist mentors." I did forget to ask you which Empire this is the Club of.

From the extreme right, which is located, of course, in the United States, word comes from "my imperialist mentors" that *Survival* is, I'm happy to inform you, considered subversive. Subversive is quite an interesting word. Think about it!

From centre right comes the cry that there is no Canadian literature anyway and another variation of this is that we are all something called "earth people", not Canadians. Earth people, I thought about that for a while—it was kind of science fiction. I think that what it meant was that we all should be thinking in terms of the planet and things like that being an earth person is just great. I'm an earth person myself but I think if you don't pay attention to the earth that you are standing on you aren't going to get very far with the rest of it. Another version of that is that we are all earth people but somehow Canadians are an inferior kind of earth people and that we should pay attention to our biggers and betters to see how being a real earth person is done.

From the moderate left we have general agreement and from the centre, and I judge the centre by what comes in through the mail slot from people who are not literati or critics or anything like that but just ordinary readers, I gather that Canadian literature is something that they had never heard of or thought of before but when they read this book it somehow coincided with their own cultural experience, or lack of it. Now, from all this reaction I deduced that I'm slightly left of centre but it is a centre which is rapidly moving left. That's on political information. But at this point we have to stop and reassess these traditional directional signals because left and centre are becoming obsolete themselves and we are into something called "nationalism". Now, being a person who is concerned with words, I think that every once in a while certain words become unusable and I think that this is one of these words—like bourgeoise, which has lost its meaning because it's been used for so many things. You don't know anymore if someone calls himself a nationalist just exactly what is meant and I propose that we abolish this word and introduce some more specific terms by which we will be able to identify which kind of nationalism we have to deal with because this nationalism seems to be a general cultural movement which cuts across class and regional boundaries and has many manifestations, some of them silly. Here are a few of them: one is advertising nationalism. I always keep an eye on the beer ads, I think they are very important. If you've been watching the beer ads you will see that nationalism has crept into them because we have people going up in balloons singing songs about what a great country it is. That's advertising nationalism number one. Advertising nationalism number two has to do with where the advertisements are made. There is some furor over the fact that some are made in the States.

Then there is businessman's nationalism which simply says—make it here rather than importing it because that way you can make more money. And there is also worker's nationalism and this is a movement in which instead of being dominated by American unions, workers are attempting to pull away and form Canadian unions. And those interested in that subject might go back and study a bit of labour history. Once upon a time there were some Canadian unions. The story of what happened to them is edifying.

Then there is cultural nationalism and there is two forms of that. One serious and one silly. The serious kind says "Let's pay attention to what is going on in our own cultures." The silly kind says "Let's pay attention to nothing but."

Then there is ecological nationalism and for this I will quote Mr. Drew who says "The only context in which Canadian nationalism can be acceptable is in the service of the ecological conscience as a decentralist and anti-status movement." If it can be conceived as a responsibility to the land then the term 'nationalism' would transcend its connotations and acquire significance as a means rather than an end and ecological nationalism says, more or less, the primary concern is cleaning up the atmosphere, cleaning up the land, preserving, but you can do that a lot more easily if you are in control of the land that you are attempting to do this with.

Then we have educational nationalism which is all that stuff about who should teach in the universities and, strangely enough, athletic nationalism, a new variant which I have recently noted.

Then there is publishing nationalism and that just means, you know, let's publish books here.

And then there is women's lib nationalism. I was quite interested to discover this one. Apparently at one women's lib conference held in Toronto the Canadian sisters locked out the American sisters because the American sisters would keep insisting that their definition of women's problems was the only one and Canadian sisters wanted to have theirs too. And in opposition to that there is also anti-women's lib nationalism. We have it on authority from Robin Mathews that there are no male chauvinist pigs in Canada. And I was very pleased to hear that. But it left me at a loss as to how to explain a certain behaviour on the part of some of my Canadian brothers, especially some of the laws that they are making. So, I felt okay then they aren't pigs—then what shall we call them? And I settled on the "moose" as being an appropriate term. The reason I chose the moose is that it is more stately, patriarchal, dignified, solitary and monogamous than the pig. It is also easier to fool and when I thought about that for a while I came to an unfortunate conclusion namely that judging from some of their political actions in the past, the plural of the moose is mice.

So that's a rundown on some of the forms of nationalism but since it's a cultural form which is proliferating like medieval cathedral architecture we can expect no more forms of it to appear and those of us who have taken a kind of detached interest in these matters will have our eyes open for them as they come up.

Now, there seems to be a certain amount of, you know, activity, mental activity, mental and emotional activity going on around all this, some of it fairly paranoid on both sides, and on the anti-nationalist side we get a fear of nationalism, especially when combined with socialism, as producing a tiny man with black mustaches. We also have a kind of racial memory of English imperial jingoism but I think Canadian nationalism in general can be classified as defensive rather than aggressive, although you do sometimes find things like students on the campus with signs saying "Let the Canadian Army invade the United States". I don't think that this is likely to happen. Even the Canadian National Anthem is defensive rather than aggressive.

In the publishing sphere, which I am most personally concerned with, we get a certain amount of paranoia there, too, and it seems to involve a fear of government involvement. If the government gives money to publishing companies won't they start telling them what to print. Now, I'm against government involvement in publishing myself. However, we are up against facts here and what you want is not always the same as what you need. You can see this very simply when you consider something like cannibalism. In our culture not many people would choose another person as what they want to have for dinner. But when you are up against staying alive, you have to take certain things that you may need but don't necessarily want and I think any small publisher would probably agree with me.

In the literary sphere we have a fear of distorted judgment of writers, that is people being given points because they are nationalist rather than because they are good and I think that this is a legitimate kind of fear and something we ought to consider. I don't think that being Canadian equals being good in writing but I don't think the old style is true either, that is once upon a time being Canadian equalled being bad. That's as far as most critics were concerned. I think we ought to take "Canadian" as simply a descriptive term rather than a term that passes moral judgment on the author. And novelists, after all, are people who tell stories and we ought to judge them by how well they tell their stories whatever the story may be. However, going back to my original point, there is a connection between a culture and the literature it produces. Now that nationalism exists we can expect it to be used as material in novels—used either with points given to it or points detracted from it, depending on the point of view of the writer.

Now, in my recent experience, when something polarizes the way this thing has been doing a certain amount of hysteria gets generated and hysteria causes distortion, that is an hysterical person perceives things which are not always true. For instance, I think this happened in some of the Canadian reviews—none of the American ones because why should they be hysterical about this yet. In some of the Canadian reviews of my novel, *Surfacing,* some people felt that this novel was anti-American or that it was nationalist and when people ask me this question I say "Because you put a preacher in a novel does that make it a religious novel?" Well, there is a nationalist in my book and also ask people who have read it whether they think this person is a very nice person.

What causes hysteria then of this kind? I think that hysteria is usually most present in people with some kind of a vested interest who feel a threat to that interest and others say that that is true of both extremes, that is the wildly nationalists and the wildly anti-nationalists. Instead of hysteria I think we should emulate the scientist and at least attempt to observe, when we read a book, what is in fact there.

Now there are a couple of sort of general comments of opinion you might say among Canadians and I take the ones who are anti-nationalist just for fun. Some Canadians, and they have often been characterized like this, are quite cautious and pessimistic and you would think that they had been brought up on the parable of the Frogs and their King. You probably know this fable. The frogs demanded a King and the Gods gave them a King in the form of a log but this log didn't do anything, it just sat in this puddle, and the frogs became impatient and they demanded a different King. And the Gods had become irritated with them by this time so the Gods sent them a stork which proceeded to eat them up and Canadians of this kind feel that any change is a change for the worse.

Then we have people preaching something called internationalism and I myself am an inter-nationalist, I believe in it profoundly as long as the word is defined correctly. You take the first part of the word "inter" as in "inter-provincial". It implies two things otherwise you can't have something going between them and it implies reciprocity, that is what is going between them is going in equal amounts and I think that that would be just absolutely fantastic. For instance, if I could sell as many books in the United States as here, I'd make it one in a thousand. I'd have sales of around 200,000 copies; I think that would be fabulous. The second part of the word, "national", implies that there are in fact nations. So inter-national implies something going back and forth between two nations just as inter-provincial implies provinces and as I understand it nations are separate and selfdetermining entities. Before we can have true internationalism we have to decide that we want to be, or continue to be, a nation and my internationalism I would extend and say let's have more coming into this country than for instance just American and English literature. We aren't exactly swamped right now with translations of Japanese novels. Why not? Let's hear more from Iceland. Finland is one of my favourites and I would also like to have more Swedish literature here.

I'll end with a question, a paradox and some easy thoughts for the day. The question is—What is it people want, that's human beings, any kind, earth people? This question, of course, has many answers and among them, it's not the only answer but surely it's included among the answers, is that they want participation in shaping their future and participation in the life of their community. And I think a lot of the nationalist fervour has been stirred up because people here have felt that they have been, for one reason or the other, denied that.

The paradox is that nationalism right now is an international movement. I'll just leave that paradox with you.

And thoughts for the day—the first one is from Ann Landers—and it is very simple—before anyone else can respect you you have to respect yourself.

The second group of thoughts is from a remarkable person who is the Premier of St. Vincent, an Island in the Caribbean, and I kind of envy the Premier of St. Vincent his territory because he has such a small territory that in fact being the Premier of it means that he can influence how it's being developed. And I quote from a couple of his speeches—first quote: "Only the dead remain in a fixed position." The second quote: "In exploring a jungle the explorer must clear his own path and the path that exists is then the one which he has created." And the third one: "How can we love the land if it is not ours."

Margaret Atwood was thanked on behalf of The Empire Club by the Very Reverend Ernest M. Howse, Honorary Assistant Treasurer of the Club.

DR. HOWSE:

Long years ago, just slightly this side of the Renaissance, when I was a young minister in Westminster Church in Winnipeg, we had at one time to get a new soloist for the Church. She came along, a very young, beautiful girl, a young girl named Evans. We didn't know then we had one of the most talented girls not only of her land but of her generation. A girl I think could have been one of the greatest singers of our time. She left Canada, going to London first, to Washington and having an untimely death. But the first time she came we heard her sing. She was then unknown. We didn't know much about her talent but we did know that she was a doll. Nobody could escape that. When I got through with the service I went down and I asked the Chairman of the Music Committee "Cyril, what did you think of our new singer?" A look came into his eye "She doesn't have to sing! All she has to do is just stand there once a week and let us look at her. But," he said, "she can sing, she *can* sing." I'm sure it wouldn't take a psychiatrist to understand why looking and listening to Miss Atwood today, out of the long past that incident would come unexpectedly to the upstairs vacancy which in moments of vanity I call my mind.

Miss Atwood speaks as a poet, a poetess above all and always a poet. Poetry is, after all, the most widely effective, the most impressive and beautiful way of saying anything. But from the time of Homer the people who have really looked into our society and understood our society have been the poets. ''Of all the people,'' said Sir Phillip Sidney, ''the poet is the least a liar.'' Because a poet knows, as Miss Atwood has demonstrated she knows, the facts are only the bare bones. The facts alone are insufficient but they have to be rounded into a circle because the fact is only part of reality and Miss Atwood looks at things as a seer. Who else could divide Canadians into groups to determine whether or not they were pigs or moose. Unsatisfactory a choice as we sometimes have between Prime Ministers or Presidents of the United States.

But here today she has opened our eyes because of her eyes and in poetry, of course, the words are the heavy part. Imagination is the true part. Today we have come for a while into the presence of the golden glow of imagination. We have been enabled to do what we weren't able to do ourselves—to see. This is the function of the poet and for what she has done today, we express our thanks. From what she has written, from what she now says and, I am sure, from what she will say, you can be sure that every time she speaks you will hear in the distance some golden echoes of the inexhaustible song of humanity.

APRIL 10, 1973

The North Atlantic Treaty Organization

AN ADDRESS BY His Excellency Joseph Luns,
O.O.N., HON. G.C.M.G., HON. C.H.,
SECRETARY GENERAL OF NATO

JOINT DINNER MEETING, GREAT HALL, HART HOUSE
The Empire Club of Canada,
Atlantic Council of Canada,
The Royal Commonwealth Society,
Toronto Branch.

CHAIRMAN
The President,
The Empire Club of Canada,
Joseph H. Potts

MR. POTTS:

Before I ask Mr. Gelber to introduce our guest speaker, I just wish to underline how delighted we are to have His Excellency with us, and the Consul General and so many other friends from the Netherlands, although they may not be members of any of the sponsoring programs. I say that because there is, of course, a very warm and friendly relationship between citizens of Canada and the citizens of the Netherlands, the association with the Royal Family here in Ottawa during the war and I suppose also, more particularly, for many of my generation who were in Holland at the end of the war in one capacity or another and the incredible hospitality and the warmth of the welcome we received at that time which I will never quite forget. And perhaps you will permit me a story that exemplifies that hospitality. I was not there very long—I was pretty young—by the time I arrived, or shortly afterwards anyway, everything folded up. But I was a private soldier and I found myself encamped in the diergaarde that's the zoo in Rotterdam and I established a friendly relationship with an American citizen who was in Holland when the war broke out and he told me that a friend of his, a Dutch doctor, and some of his friends were having a party and would I get four, five or six of my friends to go on this particular evening to the party and he would come and pick us up at the gate.

I remember taking quite a long walk through the heart of Rotterdam, which was like a hole in a doughnut. We came to this very very fancy restaurant in the heart of Rotterdam and went up one of two stairs and then we began to wonder what was actually happening—we had felt that this was just a family occasion and my friends said "O.K., Joe, you got us into this then you lead the way," and we walked into a beautiful auditorium—a room like this, and as we walked in, six private soldiers from Canada—500 citizens of the Netherlands stood up and cheered for five or ten minutes. It wasn't so much the fact that they were holding this party for Canadians but the fact that these citizens of Rotterdam selected not captains and colonels but insisted that their guests of honour that night would be six private soldiers from the Canadian Army and that was something for a nineteen-year-old that I have never forgotten and which is an indication of the warmth of the welcome that we received.

Now ladies and gentlemen, I am going to ask Marvin Gelber if he would be good enough to introduce our guest speaker.

MR. MARVIN GELBER:

I got the gist of your remarks, Mr. Chairman. You arrived late but having arrived the Germans then threw in the towel. Coming in from the airport today Mr. Luns remarked that before the war the population of Canada and Holland was fairly even but now we are a country of twenty-three million. I reminded him of the remark of the British writer who said that the Tasmanians who were against adultery were almost extinct.

Mr. Luns is a native of Rotterdam, the birthplace of Erasmus the greatest humanist of them all. I am sure that it would interest Mr. Luns to know that the University of Toronto Press in association with many scholars throughout the world is preparing to translate and publish the entire *oeuvre* of Erasmus. I understand that very little of his voluminous work has been translated. And this is a very great and important undertaking with which this University is associated.

Mr. Luns is a graduate of the University of Leyden, University of Amsterdam, Berlin University, University of Brussels, the London School of Economics. Erasmus also had his intellectual roots in British Universities. He was very closely associated with Cambridge University as was our Chairman, Joseph Potts.

We owe a great deal in this country to the contribution of the Netherlands to learning scholarship and to the arts. The Netherlands at the last count had won seven Nobel prizes, in Physics, Chemistry, Medical Sciences and one Peace Prize. This really is a monumental achievement.

We in Toronto know the great contribution to the arts. Due to the generosity of Dutch Museums, The Art Gallery of Toronto organized an exhibition and produced what I thought, was a most distinguished catalogue, ''The Golden Age of the Dutch Painting''. The Metropolitan Museum of Art and the Toledo Museum also participated.

On the Centenary of the Montreal Museum of Fine Arts a Van Gogh show including both the Kroller-Muller Collection and the Collection of his nephew was organized and shown in Toronto. Recently in Toronto the Art Gallery produced the first one-man show, the works of Piet Mondriaan—a purist and yet a man who did much to influence women's fashions. This past year across Canada an exhibit of the paintings of Karel Appel was held.

The most distinguished Concertgebouw Orchestra of Amsterdam has also played here.

We are indebted to your countrymen for the great contribution made to our own Country. People of Dutch origin have come and settled in Canada and have brought the richness and integrity of Dutch life to this new land.

Some say we Canadians are looking for our identity. Our identity will never be fixed. Our identity will always be coming and the people of Holland have made a significant contribution.

Holland has sent us many fine Diplomats and the daughter of one of the Consuls General became a leading dancer with the National Ballet of Canada.

We salute the great struggle that Holland for centuries has waged for independence and freedom. She resisted the encroachments of the Holy Roman Emperor, she resisted the designs of Charles V, defeating the armies of Philip the Second. She defeated and helped drive out the Napoleonic Regime and in our own day she has suffered under the dictatorship of German armies. Holland today remains a country committed to freedom, individual liberty and we salute your country in welcoming you here today.

Mr. Luns, you were in the foreign ministry of your country then you became a politician, a very successful politician. Then you had two foreign ministers. Some great symphony orchestras have two concert masters—well Holland had two Foreign Ministers.I don't know what happened to the other fellow but you emerged the solitary reaper. You were foreign minister for seventeen years. You have given distinguished and important service and you have held high the flag of world peace and human rights. And today you not only give distinction to NATO by being its Secretary General but you give it moral stature which is good for NATO and good for all the partners including Canada. And we welcome you here today and you do us honour by coming to speak to us this evening.

HIS EXCELLENCY JOSEPH LUNS:

Ladies and Gentlemen, may I say how pleased I am to be here with you tonight and to have had the opportunity to spend a few days in Canada, a country which has made such an important contribution to the North Atlantic Alliance and to our Transatlantic relations in general.

I met with some of the leaders of your Government in

Ottawa yesterday and this morning I presided over the opening of the semi-annual plenary meeting of NATO's Committee on the Challenges of Modern Society, which is being held in Canada following the very generous invitation of the Canadian Government. I feel that it is particularly significant that this first meeting of NATO's CCMS away from Brussels should be here in your country. This is not only because in many ways the other member countries of the Alliance have much to learn from Canada with respect to the preservation of our natural environment, but also, in a general sense, because Canada has made and continues to make a special contribution to the Alliance as one of the two North American members.

We in NATO have taken deep satisfaction from the active participation which continues to characterize Canada's role in all phases of Alliance activities. I should perhaps also recognize that Canada is the only NATO country which speaks both of NATO's official languages, and if I speak in English this evening it is only because I think that my audience here in Toronto may be primarily English speaking.

One of the things which has struck me in the last two days is the prosperity which is evident throughout this great country, a prosperity which is shared in general by all our Atlantic countries, and which has been unprecedented throughout the West for the last quarter of a century. All of you know I am sure, as I do, that this prosperity has been made possible by the security we have enjoyed largely as a result of our decision to join in the North Atlantic Alliance and to pool our defence capabilities in NATO.

While we recognize this, it is also true that a quarter of a century of peace and well-being has brought about a situation in which our interests are focused on other needs in our societies, and our security is taken for granted. In many ways this psychology, which has developed in all our countries—European and North American—has brought NATO to a crossroads in its approach to East/West relations as well as in the Transatlantic ties which it embodies.

Since NATO set out on its policy of defence and détente in

1967, our Alliance has steadily pursued the objective of better relations with the East and in our countries we can take satisfaction in the fact that we are now engaged in preliminary talks which we all hope will lead to concrete negotiations with the East and which will improve the situation which has existed between East and West, in Europe, since the end of the last war. In Helsinki, all the European countries plus Canada and the United States are discussing concrete steps which may be made toward a relaxation of tensions in Europe, a greater degree of freedom of movement of ideas and people, and a more co-operative approach to mutual problems. In Vienna, meanwhile, we are discussing with the Warsaw Pact countries possible approaches to a lowering of the level of confrontation of armed forces in Central Europe. The purpose of all these negotiations is to achieve a more stable order in Europe and more freedom for our Eastern European neighbours while maintaining the degree of security which we have enjoyed for a generation. There is no way we can be assured, however, that our objectives can be achieved. Certainly, the Soviet Union has a different set of ideas about the future shape of Europe and will continue to work hard to bring them to reality. They have prepared for this period of negotiations through a massive build-up of military capabilities which they have pursued for several years and which they continue. There is no evidence of any slackening of this military expansion in spite of Russian declarations about peaceful co-existence and rapprochement with the West.

It would seem that Soviet strategy today is to achieve their ends without direct confrontation, and therefore this military power may not primarily be intended for use in an all-out attack on the West. But even so, it provides the Soviet Union with a strong political leverage which, in the absence of Western solidarity, they would exercise over their Western European neighbours.

The Soviet concept of what should result from these negotiations can be inferred from their proposals for some kind of permanent pan-European institutional machinery to be created by a Conference on Security and Co-operation in Europe and which would give them an opening for determining future developments in Western Europe as well as inthe East. While pursuing our own aims, therefore, we should be well aware of these Russian goals and should not allow them to divide our Western countries nor to benefit from any divisions in our solidarity.

We should also be conscious of the fact that these developments—that is to say the continued prosperity of our countries and the openings toward détente with the East—will not necessarily contribute to the stability which we have enjoyed for so long. On the contrary, the greater freedom of movement between East and West which we hope to bring about will throw into focus the sharp differences between the opportunities and material benefits of life in the West and the rigid control and limited possibilities open to the ordinary man under the Eastern European communist regimes. We should realize that this situation contains many de-stabilizing elements, the results of which are not easy to predict.

But I also spoke at the opening of my remarks of the new situation with regard to our Transatlantic links, and I am sure that this group has this consideration very much in mind at the present time. You doubtlessly are aware of the disruptive effects on the Transatlantic relationship of Transatlantic problems in the economic, monetary and commercial fields, and you know as well as I do what these difficulties mean for the continued prosperity of countries which are so dependent on international trade. What I would like to call your attention to, however, is the interdependence between these Transatlantic economic ties and the security relationship among the member nations of the Alliance. Without the peace and security our countries in the North Atlantic area have enjoyed for 25 years, the material benefits which our societies now enjoy, and the standard of living which prevails in the West, would not have been possible.

But if it is true that our security brought about our prosperity, the converse unfortunately is not necessarily so. Prosperity does not of itself provide security. Indeed, if anything, the prosperity we have known has made many of our citizens regard the burdens of self-defence as irrelevant and unnecessary. Unfortunately, Ladies and Gentlemen, we have not yet arrived at a stage in East/West relations when our security can be ensured without the unified defence structure of NATO. And until the negotiations on which we are embarked lead to full concrete results and will eventually lead to a completely different ideological and military set-up and outlook of the communist bloc, we will have no choice but to maintain our defensive capabilities.

Nor is there an alternative to the Atlantic defence system. Certainly, the participation of the North American countries is an essential element in Western European defence and no thinking European would argue to the contrary. But Western European defence is every bit as essential to the security of the North American Allies. Your interests in Europe are fundamental. They are, of course, political and military, and also include financial, commercial and cultural aspects. But they are deeper than that, and are rooted in the ethnic relationship between the old countries of Europe and these vast and powerful North American countries which have been built by their immigrant sons.

All of these factors point toward one inevitable conclusion. During this great period of movement and possible instability, during this period which may bring important changes for both Europe and North America, and during these negotiations, both between East and West and across the Atlantic, we must do everything in our power to preserve the unity which we have maintained in earlier periods of difficulty and trial. This will be especially important during negotiations on monetary and economic problems with the enlarged Common Market, and I profoundly hope that those who will conduct these discussions will use the greatest understanding and moderation. This spirit of compromise will be essential if our Western solidarity is to be preserved and if the outcome of our talks with the East is to be in keeping with our ideals of stability, freedom and independence.

MR. POTTS:

Perhaps I might ask General Legge, representing the Toronto branch of the Royal Commonwealth Society tonight if he would express the appreciation of all of us to his Excellency. General Legge.

GENERAL LEGGE:

Mr. President, Your Excellencies, Ladies and Gentlemen. The Secretary-General did well to begin his words of wisdom to us tonight by noting the prosperity and the friendliness of Toronto. This is apparently an ethnic failing of the Dutch because another very famous Dutch person, Xaviera Hollander, "the happy hooker," followed the same practice and came to Toronto last week. I think the Secretary-General did this for entirely different reasons but you did well to put your words in the context of the young and particularly in the setting at this famous University. The young really don't comprehend the past and they have a difficult time with the present, perhaps this fable will illustrate. It concerns the University of Toronto of course . . . there was a particularly scurvy looking bearded fellow of unkempt appearance and ragged clothes who was a student here and he had tremendous resources of wealth and his more aggressive and attentive fellow students said—how can you possibly have money and look so awful, you don't work and you seem to be poor and he said well, the secret is this—I practise looking so awful and so unkempt and so dirty because my father always sends me money. And his friend said "well why would your father send you money when you behave so badly?" and he said "well it is really quite simple—I merely threaten to come home." In the case of the young, Secretary-General, the horrors of war have never come home to them. How can they know the truth of Plato that only the dead have seen the end of war. How can they know what your distinguished predecessor Paul Henri Spaak knew that Stalin was the father of the North Atlantic Alliance. How can they know what you said which is that the party in Russia and in the Communist Countries is really a priority over the Government and therefore more absolute and more dangerous. These are things that the North Atlantic Council, The Royal Commonwealth Society and The Empire Club of Canada, stand for.

We were impressed with your plea for détente, we remember what you said about the Helsinki talks but like the Finns, in Canada we are pretty convinced that a small country will always have an army, its own or somebody else's, and in Canada we prefer to have our own. I think, Sir, that you can be certain that everyone in this room espouses the cause of the North Atlantic Treaty Organization and that every one in this room will try to persuade Canadian Governments to support as they have in the past NATO of which you are the most distinguished Secretary-General. Thank you very much, Sir, for coming.

MR. POTTS:

There are some Generals in the Canadian Army, Your Excellency, who not only are expert military men but also have a very gifted tongue and General Legge is certainly one of these. He has expressed, I know, more adequately than any of us could our appreciation for your being with us this evening.

APRIL 12, 1973

The Slater Walker Formula

AN ADDRESS BY James D. Slater, F.C.A.
CHAIRMAN, SLATER, WALKER SECURITIES LIMITED, LONDON, ENGLAND

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

Mr. Slater—let me say at the outset that, although you may be a bit of an enigma, we are all delighted that you are not a stubborn nor a difficult person to get along with. If such was not the case we would have been forced to add to the normal but generous stipend which we offer to our guest speakers—consisting of a free meal at the Royal York Hotel—to the extent of some 50,000 pounds and flying in your own black leather chair.

For the benefit of those of you who do not appreciate the relevance of those remarks, I hasten to explain that it was our guest today who is generally regarded as having saved the Bobby Fisher—Boris Spassky Chess Match last summer by adding 50,000 pounds to the prize money.

Indeed his incredible success may well be explained in chess terminology by reason of his oft repeated reliance on opening "Pawn to King Four". I won't attempt to explain the significance of that move for two reasons. In the first place, it would take too long and in the second place I really don't understand it myself having first learned of it last night in a discussion with my eldest son.

I had occasion to review recently the financial statements of Slater Walker Securities Limited for the year ended December

31, 1972 and noted that profits before taxes but after deducting minority interests and transfers to inner reserves, amounted to 17 million 573 pounds, which was subject to taxes totalling 5 million 397 pounds—a not inconsiderable sum.

This brought to mind the story told in the British House of Commons by Richard Sheridan in or about the year 1800 when William Pitt was Prime Minister. Sheridan was criticizing the burdens imposed on the people by the Tories who were then in power.

The story as related by Sheridan goes as follows:

> "There was a man named Patterson who had a shop in Manchester and had painted on his cart 'Pitt and Patterson.' As it was known that Patterson had no partner in his business, he was asked why he put the name of Pitt on his cart, since the latter had no share in the business. According to Sheridan, the apocryphal tradesman replied, 'Ah, he has indeed no share in the business, but a very large share in the profits of it.'"

Mr. Slater, last Thursday we were privileged to hear an address by a most remarkable young Canadian author and poet—Margaret Atwood. During the course of her remarks, she turned to me and said, "I did forget to ask you which empire this Club represents."

I didn't attempt to answer her at the time, but as you will appreciate we no longer represent the Empire which existed when the Club was founded some 70 years ago. People often suggest that we should change the name of the Club on the grounds that it is an anachronism. We steadfastly refuse to accept all such suggestions. The Empire Club is an integral part of the fabric and history of Canada. We would no more change our name than we would stand idly by and watch the destruction of a building of equal historical significance. We are proud of our name because we are proud of our Club and we are proud of our Club because during its 70 years of existence it has given the citizens of Toronto and of Canada the opportunity to hear men and women of distinction, such as yourself. Sir, you do us a great honour in coming to address us today.

And speaking of empires, I can't help but think how appropriate it is for you to speak to The Empire Club since you, and your colleagues, have created a new empire, indeed several empires, over the course of a very few years.

Our guest was selected as Business Man of the Year in 1973 by the Investors' Review but he is many people's idea of the Businessman not so much of the year as of the decade.

In the space of eight years, Mr. Slater has turned a mere 2,000 pounds of savings into an investment banking complex which today is valued at over 220 million pounds and is one of the largest 100 companies in the U.K.

Mr. Slater served two years in the Army as a gunner and lance bombadier following which he became articled to a firm of London chartered accountants. By 1953 he was a qualified accountant and took up a position with a group of metal finishing companies.

He did so well that he was made a general manager. In 1955 he became secretary of Park Royal Vehicles Ltd., and in 1959 he was appointed director of A.E.C. Ltd.

He was only 30 years old and showing the ability that was to take him zooming up into the millionaire class.

His next appointment in 1963 was the one that first brought him into the public eye. He was made deputy sales director of the Leyland Motor Corporation under Sir Donald Stokes.

In 1964 he began his financial career in earnest when he acquired—with a group of associates—a substantial interest in a public company, H. Lotery and Company Ltd.

They changed the name of the company to Slater, Walker Securities Ltd., and Mr. Slater was made chairman and managing director.

He has made an immense impact on British business, on the whole of business philosophy and in overseas markets. Yet, he does not give the impression of being extraordinary.

As one observer noted—

"He has no obvious great faults, does not chew the carpet in rages, bawl out his minions, indulged himself by playing with his considerable power as other business magnates have done.''

He is in fact puritanical in his tastes. He does not smoke (not even cigars), prefers plain food, drinks very little, if at all, and keeps the temperature of his office and the next door boardroom 10 degrees below that of the rest of the building. It would appear that he prefers to create his own heat.

He has said—

''I personally believe that capitalism as it now is, won't survive unless it becomes more socially responsible.

''In this country it won't survive unless it picks up the tab on critical industries that are dying. If people who have expertise don't use their talents to save these industries then thousands of people will be unemployed and the country will suffer.

''It is critically important that people like me don't just make money. I am now personally searching for the best contribution in the industrial malaise that we have.''

Ladies and Gentlemen—I don't always suggest a topic to our guest speaker but in this instance, I asked Mr. Slater to talk to us about the way in which Slater Walker was founded and how it has grown to its present size. He was good enough to accept my suggestion and it is now my great pleasure to ask him to speak to us on ''The Slater Walker Formula''.

MR. JAMES D. SLATER:

Mr. Chairman, Ladies and Gentlemen, I am honoured to have been invited to speak to you today. Mr. Potts has asked me to talk about Slater Walker and I hope you are going to find our story an interesting one. As you may know, in some countries the words ''Slater Walker'' are synonymous with the word ''takeover''. Now I would like to make it quite clear at the beginning that we have never taken over another company! We always merge with them. Now it's extremely important to understand the distinction between a takeover and a merger and to do that I think you have to go back to the parable of the chicken and the pig.

The chicken said to the pig one day ''I think there is a great future in ham and eggs. I think you and I should get together.

We should have a merger.'' And the pig who was a cautious animal said ''I would like to think it over. I'll let you know about your merger proposal in the morning.'' The pig thought it over and the next morning said to the chicken ''I've thought over your merger proposal and I don't like it. You can go on laying eggs day after day but to produce the ham I get carved up.'' And the chicken said ''I know —that's why I'm calling it a merger.''

To revert to the story of Slater Walker itself, it all began really in April 1964. At that time I had been working for Leyland Motors for about ten years, having previously qualified as an accountant. I had a fascinating job working as deputy to Lord Stokes who is now Chairman of British Leyland Motor Corporation. In the previous few years though, I had become interested in investment as a hobby. I had found that there were certain shares on the UK Stock Exchange which had well below average price earnings ratios, but in spite of that had very good records of increasing earnings. They were, in fact, due for a status change. These relatively neglected shares often had astonishing increases in share prices and I evolved a system of investment in them. I started with my savings which were $5,000 and in the two years 1962 and 1963, with the help of bank borrowings of $20,000 I turned that $5,000 into $125,000. Now at this stage I was still doing my job at Leyland but there was developing an inevitable conflict of interest. I found that when Donald Stokes said to me ''I'd like you to go to Finland, we are having trouble with our distributor there. Would you get on a plane and go tomorrow?'' I'd think to myself ''Now, I've got an open position in these eight shares, and the results of two of them are coming out in a few days' time.'' It was becoming very difficult for me to leave the country which meant that I could not do justice to my job. So in fairness to Leyland I left the company on a very amicable basis in April 1964.

Shortly afterwards I met a Conservative MP named Peter Walker at a dinner following a series of articles in *The Evening News* about young businessmen, in which we had both been featured. The meeting was an important one and was the start of a very happy partnership. Peter Walker was an excellent adviser during the formative years of the company but now of course he is very much full time in politics.

A few months after our meeting Peter Walker and I, together with some bankers, formed a syndicate to buy control of a quoted property company called H. Lotery. Its main asset was the long lease of a property which we sold at a substantial profit. We were then left with what might best be called a "cash company". I injected into that company my investment advisory business. This had grown almost inadvertently because, in addition to running my own affairs, I had started to advise my friends on a free of charge basis—but when I left Leyland I made them business associates! This became a profitable business and when I injected it into H. Lotery we re-named the company Slater Walker which was subsequently changed to Slater, Walker Securities.

The share price then went up very substantially in anticipation of future growth. I then found a small but very interesting asset situation which was a company named Thomas Brown, a firm of wholesale grocers in Australia. Using Slater Walker shares, we acquired Thomas Brown, reorganized it and redeployed the assets. We then bought another company, and then another, and so on. From 1964 to 1968 Slater Walker grew enormously. There was a bull market in the U.K., and whereas the capitalization of the company when I bought into H. Lotery was $3.7 million, by 1968 it had risen to about $280 million and it was by then a vast diverse industrial conglomerate. I denied it at the time, but looking back on it, that was what it was!

However, by 1968, and particularly in America, the word conglomerate was becoming bad news, and rightly so in many ways, because there are very few well-run conglomerates. They are the exception rather than the rule and it definitely needs a genius to run one well. So we had a good think about the situation and we decided as a Board to divest ourselves of our various industrial interests and to concentrate our activities in five main areas. These areas were banking, investment, insurance, property and overseas interests. Now banking, investment, insurance and property all have some very attractive features in common. They all interlink, they are all financial, they are all expanding areas, they are not labour intensive, and they will all benefit substantially from Britain's entry into the Common Market.

As I have said, from 1964 to 1968 we were busy building a diverse conglomerate. From 1968 to 1971 we were divesting ourselves of our industrial interest and in parallel to that putting our money and effort into banking, investment, insurance, property and overseas. Now the sale of 500 different companies is no easy task and we had to tackle it in several different ways. The main method was the satellite of associated company concept. This was where we sold a firm we owned into a public company, usually a small one, for shares in that public company. We installed as Chief Executive a very able young man, who in some cases had been trained by us. We kept a substantial stake in that company and it became an active banking client of ours. This concept was quite new when we first used it but it is becoming more popular now. It had three great advantages. First of all it helped us in our programme of divesting ourselves of a subsidiary company by the sale of our interest. Secondly it created an active banking client, and thirdly it enabled us to offer excellent positions and exciting opportunities in these client companies to people from our central team. Many of these men are very able and ambitious and would have wanted to leave us to build their own businesses anyway, so it enabled us to have a continuing stake in their talents as opposed to losing them altogether.

One excellent example I can give is a company called Ralli International. One of our most able executives, Malcolm Horsman, wanted to leave Slater Walker and set up on his own. We therefore helped him to take control of Ralli International and Slater Walker took a substantial stake in it. Last year Slater Walker initiated an agreed merger with Bowater and Malcolm Horsman is now its Deputy Chairman and Managing Director. Bowater cum Ralli is now capitalized at over $500 million and is already a very powerful international company in its own right. Needless to say, Slater Walker has enjoyed excellent capital appreciation on its Ralli International shares and in their new form they remain an excellent long term investment.

Another method we adopted was to float off the majority interest in a company to the public, forming in effect a new public company. For example, we had bought three separate listed companies in the rubber manufacturing business which we put together as a group. We improved their profits substantially by rationalization and streamlining and then, under the name of Allied Polymer Group, we floated them off to the public, again retaining a substantial stake. The shares in this company have since then continued to appreciate in value.

The third method was the straightforward and conventional sale of a company to a willing buyer. A good example of this was Dollond & Aitchison which was the leading firm of optical retailers and manufacturers in Britain. Here again, we had formed a group, having bought two other companies of a similar nature, put them all together and considerably improved profits. We then sold the group for cash to a tobacco company which was seeking to diversify outside the tobacco industry.

It was very hard work, selling off all these diverse interests during this three-year period, and in parallel building up in the chosen areas of banking, investment, insurance, property and overseas. It is a major challenge for any company to achieve a complete change of direction. Looking at our position now, we are, in investment banking terms, obtaining a significant share of the corporate finance business available in Britain. We are very well established in investment management where the outside funds under our control are now in excess of $600 million. As far as property is concerned, we now have, with our stakes in various quoted property companies, plus direct investment in certain properties themselves in London and other European centres, an aggregate portfolio of $300 million. In insurance, we have a composite company, a general life company and an industrial life company. We cover all aspects of insurance and this sector is going from strength to strength. That sums up the U.K. story.

We have, of course, also been very busy overseas. In Australia, which was our first overseas venture, we have a company which is now capitalized at $65 million. It was very successful at first but we ran into management problems about two years ago. The company has now been reorganized and seems well based for future expansion. In South Africa our company has been an unqualified success. From a base market capitalization of $2 million, with acquisitions and organic growth, the company has now grown to $140 million. Our stake in that company is now just over 30%.

In this country, from a very small base, Robert Smith has done an excellent job in establishing Slater Walker of Canada which is now capitalized at over $50 million. In the Far East we have, during the past year, developed substantial companies in both Hong Kong and Singapore, with an aggregate market capitalization of $270 million. Last year's prime objective was Europe where we did not have a significant presence. We now have listed companies in Belgium, Holland, France and Germany with an aggregate capitalization of $70 million and an excellent base for future expansion. This year's objectives are the United States and Brazil.

In every country overseas we welcome local investor participation, and for this reason always obtain a substantial shareholding in a listed company. As a result of acquisitions our percentage shareholding is gradually diluted and we usually aim to retain a shareholding of 25% to 30% when a company is fully matured. We encourage strong local autonomy with local management ultimately only consulting us on major policy changes. In this way we hope to blend into the local scene as opposed to being looked upon as foreign invaders!

Taking into account both its U.K. and overseas activities, Slater Walker Securities today can probably best be described as an international investment bank with strong property and insurance interests. Our gross assets are in excess of $1,100M. The company is now capitalised at over $400M and is well backed by the fundamentals. Since 1964 shareholders have enjoyed capital appreciation of 1,350%, during which time the stockmarket as a whole has appreciated only 30%.

A question I am often asked is how it is that Slater Walker has expanded so fast in so many different countries. What is the secret? I have given a lot of thought to this and whilst there is no "secret", I think it is fair to say that we have developed a company style and spirit which is common wherever we have been successful. I have tried to identify and define what it is that constitutes our particular approach in the hope that it will be of interest to you. Probably none of the ingredients on its own is peculiar to Slater Walker, but I believe that all the points taken together constitute the uniqueness of our company style.

First of all we have an outward-looking international approach to business. We are not only interested in what is happening in the U.K. (which is perhaps just as well at present!). We are keenly interested in overseas opportunities. I think I can best illustrate this approach by confirming that we have at present more overseas listed companies in which we have a substantial stake than any other British company, and perhaps any other company in the world.

Secondly, we have in general backed relatively young, professional qualified people in positions of greater responsibility than they would probably have been given in a more conventional and longer-established company. We have also motivated these young men very highly. We have share option schemes so that they participate in that way, and they also have significant personal stakes, often bought on borrowed money. It helps concentrate their minds! The other advantage of this is of course that it gives a complete identity of interest with shareholders. In other words, our managers will only succeed financially themselves if the general investing public profits as well.

An important feature of our corporate philosophy is to cut losses and back winners. A company is often worth a great deal more for its profitable parts if, for example, its only loss-maker is sold for a relatively nominal figure. It is important to have the moral courage to cut a loss-maker even if it means admitting that a recent purchase was a mistake.

Another thing we regard as very important is administrative speed and precision. I do not like Minutes to record at great length the views of each person present at a Meeting. Minutes should say who is going to do what by when so that there is no doubt about where responsibility for action lies. We have a tightly-knit central control with well-defined powers delegated to each profit centre, and effective lines of communication. We pride ourselves on our speed of decision-making, and are always looking for new ways of improving our administrative efficiency.

It is of course essential to have strong financial control. We have monthly figures and we compare results with monthly budgets and, most important of all, analyse and if necessary do something about, major variances. I know this is common and accepted business practice but I have mentioned it because it is so very important.

One of the most important features is that we have a money-making approach to business. Profitability is after all the measure of efficiency and it is essential to concentrate on making money as well as on making things. There is no point in making things without making money. A lot of people become so dedicated to their industry and their product that they regard it as a vocation. The fact that they are meant to make money for their shareholders and indeed for their country often escapes them.

I think a good example of unrealistic dedication to an industry emerged at the first Board meeting which I attended of a company we had just taken over. I will keep the name out of it to protect the guilty! I asked about a subscription of $40,000 to a trade association which was on the agenda.

One of the directors said he was Chairman of the Association and another was the General Manager. I then ascertained that most of our competitors except our main one, subscribed to the Association on a turnover basis.

I asked what our turnover was in relation to the whole, and they told me that we were two-thirds of the industry, that our main competitor was about a sixth, and all the rest together were the other sixth. So here we were paying most of the bill.

''What does it do, this association?'' I asked hopefully, "Does it help control selling prices or something like that?"

"Oh no," they said, "the whole idea is to pool research facilities."

I probed further. "Well, what have they got that we haven't got?"

"Well, it doesn't work like that" the directors said—and they told me about a complicated piece of equipment which we had and our competitors were allowed to share by virtue of being members of the Association.

Here we were paying $40,000 per annum for the privilege of sharing a unique and costly piece of equipment with the rest of our competitors. When I put it like that to them, they did agree that it needed re-thinking! It was a classic example of bad thinking which had not been reasoned through in a money-making way.

Now we come to what I would call stockmarket orientation. This really means being aware of one's share price and the underlying fundamental values and appreciating the importance of timing. It means knowing when is the right time to use shares, when to use loan stocks and when to use cash. It also means having an awareness of the importance of good communications, frank and full disclosure to the press, and ensuring that investors are kept fully informed about the company at all times.

We have always attached great importance to the systematic build-up of assets per share in parallel to the build-up in earnings. Many of our earlier acquisitions were asset-orientated for this reason. With the exception of service businesses, it is the assets which provide the base and the fuel for future earnings and this is why it is so important for any management to ensure that their company's assets are keeping in step with earnings increases.

We have also always ensured that our cash position is very strong. This is in a sense a form of insurance policy which I have always found to be a great comfort. In the last analysis, if one's company was to run into trouble, a strong cash position would be a great help in getting out of it.

When I was much younger I was fortunate enough to work for a man who had over his mantelpiece a four-word motto ''It Can Be Done''. Those words stuck in my mind and are now a basic part of the philosophy of the company. My last point, therefore, is that we always approach problems with a positive attitude, and believe that somehow ''it can be done''. These days there are so many regulations and tax laws and reasons why you cannot do what you want to do. We do not accept this. We ask how we are going to do it and believe that there is always a way if one is sufficiently determined.

Quite apart from all these practical considerations, I think it is fair to say that most of our executives really enjoy what they are doing. If I was asked for a list of personal characteristics which executives of ours should have, a good sense of humour would be high up on it. It is vital for business to be fun as opposed to being a chore. For example, two years ago Robert Smith, Roland Rowe and I were negotiating here in Toronto with Alan Lambert's representatives to acquire control of Unas from the Toronto-Dominion Bank. We wanted to purchase two-thirds of the company and leave Toronto-Dominion Bank and the general public with the remaining third. It was therefore essential to impress them that we were bright fellows and worth backing. We came to the stage of calculating the provisional purchase consideration. The calculation was two-thirds of 283,362 multiplied by $18. I turned to my two colleagues and in clipped tones said ''Check me''. Each of us worked out the calculation separately, and to my acute embarrassment we came up with three different answers! Fortunately Alan Lambert's representatives thought this was most amusing and we all burst out laughing. In a sense it helped to cement the deal in human terms and I am glad to say that since then it has worked out well for all concerned.

I have tried to give you a general picture of Slater Walker Securities, and of our particular corporate style. Both the company and our way of managing it are of course continuing to change form as we go along. Where we go from here remains to be seen. Our first aim is to build an international investment banking business, and our secondary aim is to make sure that we, and everybody associated with us, will continue to enjoy doing it.

Mr. Slater was thanked on behalf of The Empire Club by Mr. Hartland M. MacDougall, a Vice-President of the Club.

MR. MACDOUGALL:

I must say, and I think you will all understand now, that when I first met Jim Slater not so very long ago, almost two years, I was frankly astounded by the quiet, warm personality of this obviously dynamic individual who may not have admitted it at the time but certainly it could be perceived that he was out to establish at that time the biggest investment bank in the world. His tactics are above reproach as he moved ahead at an incredible pace but somehow, and we've heard today to a large extent how, consolidating his position almost after every step. In this complex age when government and other factors seem to intervene at the most inopportune moments to thwart best laid plans, it is indeed encouraging to see that with well-defined objectives, completed homework and a very strong will, success in the best way can still be achieved.

Our business community in Toronto and, indeed, in Canada I think has benefited greatly from the presence of Slater Walker of Canada and we are happy that Jim Slater saw fit to bring it to our shores. We are even more grateful that he was kind enough to come over himself today and share with us his fascinating background, views and philosophy that has led to this outstanding success.

Many thanks, Jim, from one and all.

APRIL 19, 1973

Commonwealth—The Strategy of the New Deployment

AN ADDRESS BY The Right Honourable Errol W. Barrow, P. C., M. P., B.SC., D.C.L.
PRIME MINISTER, MINISTER OF FINANCE AND OF EXTERNAL AFFAIRS, BARBADOS

CHAIRMAN The President, Joseph H. Potts

MR. POTTS:

Ladies and Gentlemen—As you are aware the purpose and object of The Empire Club is to promote the interests of Canada and the British Commonwealth. Accordingly, we are particularly pleased and honoured to welcome as our guest today The Rt. Hon. Errol Barrow, the Prime Minister of Barbados.

A review of our guest speakers for the current season would appear to indicate that, as a Club, we are rather partial to Prime Ministers and to Premiers. The Prime Minister of Canada addressed our opening meeting in September and at subsequent meetings we welcomed the Premier of New Brunswick and the Prime Minister of Quebec. Today we have the Prime Minister of Barbados and on May 7 we will welcome the Premier of Alberta.

Mr. Prime Minister, you may have noted that there is no uniformity in Canada as to the designation or title of the heads of our provincial governments. In most cases they are referred to as Premier but in some instances as Prime Minister. It should be observed, however, that you enjoy the distinction of having been both the Premier and the Prime Minister of Barbados, the change in designation having taken place in 1966 when Barbados gained its independence, which was successfully negotiated by yourself.

Speaking of titles, Sir Daniel Morris, Imperial Commissioner for Agriculture for the British West Indies, when addressing The Empire Club on September 20,1907, stated that during the Napoleonic Wars the Island of Barbados, called "Little England" wrote a letter to King George III and told him not to despair, that they were behind him, and that if anything happened to him he could come out and they would make him King of Barbados.

During the 70 years that The Empire Club has been in existence, we have only had two other guest speakers from the West Indies. One was in 1911 when Sir William Grey-Wilson, Governor of the Bahamas, spoke on the subject "Bahamas, West Indies, Canada". The other was on October 23, 1958 when the late Sir Grantley Adams, the first and—I believe—the only Prime Minister of the then existing Federation of the West Indies spoke on the subject, "Challenge of the West Indies". In the course of his remarks he said:

> "I wish to say something about the Commonwealth link that binds our two countries together. Unlike the former American Colonies which achieved independence in defiance of Britain, British West Indians have united, and are on the threshold of self-government, under British guidance and with Britain's blessing. The West Indies, like Canada, have for generations followed the British way of life, and the Commonwealth tie is as strong with us as it is with you. We have the same respect as you for British traditions of parliamentary democracy and the supremacy of the Courts of Justice. Thus the constitutional advance which is now taking place in The West Indies will serve to strengthen our attachment to the Commonwealth. An association which is now taken for granted because of our colonial status will become a conscious, and, therefore, a more valuable act of deliberate choice."

Sir Grantley Adams was the first native-born West Indian to address The Empire Club—he was also a Bajan, which is the term used to describe those born in Barbados.

Mr. Prime Minister, we are honoured by your presence today and indeed indebted to you for taking the time and trouble to make a special visit to Canada to be with us. Let me assure you that we Canadians have a very high and affectionate regard for you and for the citizens of your country.

Our guest was educated in Barbados at Combermere School and Harrison College. He taught for one year and then joined the Royal Air Force in 1940. Having completed his training as a navigator in Canada he flew on general reconnaissance and anti-submarine patrols over the Atlantic. Transferred to the Second Tactical Air Force on the invasion of Europe he flew fifty-three operational missions including the Battles of Arnhem, Bastogne and the Rhine, and then spent some time in Germany as personal navigation officer to the Commander-in-Chief of the British Army of the Rhine.

Following his discharge from the R.A.F. he studied Law and Economics simultaneously in London and was called to the Bar of England as a Barrister of Lincoln's Inn in 1949 and graduated from the London School of Economics in 1950 with the degree of Bachelor of Science in Economics. One of his fellow students at that time was our Prime Minister—Pierre Trudeau.

Sir, as a Barrister of Lincoln's Inn and as a successful politician, you may well enjoy the story of Richard Sheridan who was coming up to London in one of the public coaches to canvass the electors of Westminster when his opponent there was named Paull. Sheridan discovered that there were two electors of Westminster in the coach when one asked the other to whom he would give his vote, and the answer came, "To Paull, certainly; for, though I think him but a shabby sort of fellow, I would vote for anyone rather than Sheridan." "Do you know Sheridan?" asked the other elector. "Not I, sir, nor should I wish to know him," was the reply. Sheridan said nothing, and the conversation stopped; but when the party alighted for breakfast Sheridan called aside the elector who had asked the first question and said, "Pray who is that very agreeable friend of yours? He is one of the pleasantest fellows I have ever met with, and I should be glad to know his name."

"His name is Mr. Richard Wilson; he is an eminent lawyer, and resides in Lincoln's Inn Fields."

When breakfast was finished, the passengers returned to the coach and Sheridan began a conversation on the law. "It is a fine profession," he said. "Many may rise from it to the highest eminence in the state; and it gives vast scope to the display of talent; many of the most virtuous and noble characters recorded in our history have been lawyers. I am sorry, however, to add that some of the greatest rascals have also been lawyers; but of all the rascals of lawyers I ever heard of the greatest is one Wilson, who lives in Lincoln's Inn Fields."

"I am Mr. Wilson," said the lawyer. And, "I am Mr. Sheridan." Wilson not only laughed at the joke but also helped Sheridan in his campaign for Westminster.

Mr. Barrow returned to Barbados in 1950 where he pursued his practice at the Bar.

Soon after returning home he joined the Barbados Labour Party and won a seat in the St. George constituency in the 1951 elections. In 1955 he left this Party to form the Democratic Labour Party. He became Chairman of that Party in 1960, Premier of Barbados in 1961, and Prime Minister in 1966. He is also Minister of Finance and was Minister of External Affairs from 1966 to 1971.

Mr. Barrow was awarded an honorary degree of Doctor of Laws in 1966, from McGill University, and in 1972 he was awarded a similar honour from the University of Sussex. He was appointed one of Her Majesty's Privy Councillors in January, 1969.

For relaxation he enjoys sailing, swimming, scuba diving, fishing, flying, lawn-tennis and photography. He is a Liveryman of the Guild of Air Pilots and Navigators.

He is also the author of "Canada's Role in the West Indies", published in 1964, from which the idea of a Tripartite Regional

Development Agency and a Caribbean Development Bank are considered to have been inspired.

In August of this year we will have the honour of being the host at the first Commonwealth Prime Ministers' Conference to be held in Canada. The late Rt. Hon. Lester B. Pearson in an address to this Club once said:

> "The shrinking of the British Empire, the reduction of red on the map of the world, in a sense represents its greatest glory, its greatest achievement. For out of this Empire, those free nations have emerged which make up and enlarge our new Commonwealth."

Barbados, which has had representative government for more than 300 years, is one of those nations. It is therefore particularly appropriate and timely that our guest has chosen as his subject—"COMMONWEALTH—THE STRATEGY OF THE NEW DEPLOYMENT."

Ladies and Gentlemen—The Prime Minister of Barbados, The Rt. Hon. Errol W. Barrow.

THE RIGHT HONOURABLE ERROL BARROW:

I am deeply appreciative of the honour implicit in your invitation to address such an illustrious gathering of Canadians and their friends here today for two reasons. The first being that I follow a long list of famous and distinguished persons who have been afforded this undoubted privilege; and the second being that I have belonged to a club rejoicing in the title of the Empire Club for a period of thirty years and upwards. And the directorship of that organization has never seen fit to invite me to speak, even after dinner—far less during lunch. During any part of the time up to the present, I have been a fully paid up financial member. Two factors may possibly contribute to this: it is said that familiarity breeds contempt and I must also inform you that the Empire Club of Barbados is a club of sportsmen and not of serious-minded people. Any contribution, therefore, which its committee of management might have made to the sum total of human wisdom and understanding could never be construed as a deliberate act of cultural offensiveness on its part.

I have chosen a rather obscure title for my remarks here today. It is "Commonwealth—The Strategy of the New Deployment". We could, unprofitably, spend a lot of time debating whether the Empire every really became a Commonwealth or whether that expression is in truth and in fact a euphemistic term designed to gloss over the difficulty inherent in attempting to define a system of political and economic relationships that has undergone considerable change through the passage of time. And they are still undergoing subtle and sometimes imperceptible alterations from day to day, conditioned by the realities of changing situations in an outside world of which the Commonwealth nevertheless is an integral and important part.

If no man is an island entire in itself then the Commonwealth is even less an island and cannot afford to be a closed circuit system in which communication is limited to its subscribers. We have never shared our wealth in the loose association of independent and dependent countries which replace the conceptual empire after the imperial conferences of the '30s gave way to the commonwealth conferences of the '50s.

We have never shared our wealth at all at any time. We had ease of military deployment but we had no ease of movement of peoples. We had relative ease of movement of goods. We did manage to build up trade and relationships, starting perhaps with the Canada—West Indies Agreement in the mid-'20s, which gave preferential treatment to one another's goods. These preferential arrangements are about to break down and that is why I have chosen the title—The Strategy of the New Deployment.

Is there a strategy and is there a new deployment? I should like to submit, with all due respect, that the strategy may not be one which is drafted as a communiqué at the end of the Prime Ministers' Conferences which we hold with varying measures of success from time to time, usually at intervals of two years, but a strategy is nevertheless emerging and as a result there is a new deployment—a deployment which has been brought about by the realities of 20th century living. The realities of 20th century living are, firstly, the development of the nuclear potential, making the sheer might of military power irrelevant to the ability of a country to defend itself against external aggression. The kind of alliances which we now have to develop are not alliances based on the sizes of the armies which you happen to maintain. As a matter of fact, as you are all aware, most of the military establishments have dwindled in size and importance and they are playing a smaller and smaller role in the global strategy which we are witnessing in the last quarter of the 20th century.

We have, furthermore, the development—whether this development is to take its place or not—of new economic and trading blocs. We have witnessed since the end of World War II the establishment of new organizations such as the General Agreement on Tariffs and Trade, an agreement which perhaps, with the exception of Canada, has been honoured more in its breach than in its observance by the subscribing countries.

We have the new alignments developing in Europe, the community to which the United Kingdom has recently acceded and some of the other European countries such as Sweden and Ireland. We have in the Caribbean itself a new alignment with the Organization of American States and we have in South East Asia a new development in that with Britain's entry into the community in Europe, the Commonwealth members of that part of the world are having a second look at their relationships with their neighbours in the Pacific and in South East Asia, a look which they were not disposed to entertain before. There is, therefore, some kind of new strategy developing.

And then we have new discoveries, discoveries of new wealth in countries that were considered to be backward countries in Africa such as Libya, and in the Sudan in Nigeria. We have had the independence of most of the African countries either from Great Britain or France since 1948 and a similar movement has taken place in the Caribbean.

And then we have had, two or three years ago, the last vestige of the imperial connection with the insistence of Great Britain that there was some amorphous, anomalous, unmentionable treaty that the Government of South Africa, which was known as the Simonstown Agreement, under which they felt constrained to sell arms to the South African Government. At the same time, this treaty had never secured the approval of the British Parliament and the discussion of the Simonstown Agreement caused the Governments of Mauritius and Ceylon and the Government of India to take another look at their relationships in the Indian Ocean and the part which the British Navy could be expected to play in the event of some external aggression. So all of these things have been taking place. The Commonwealth, scattered as it is over the whole face of the globe, has been trying to survive under very difficult circumstances under the old concepts and that is why a new strategy has had to develop almost spontaneously rather than by design and, in some respects, has had to be encouraged by the positive actions of the governments themselves. But frequently the governments have only taken action after they had been forced by the situations which have been created around them to take positive action. Australia has been very late but nevertheless with a change of government both in Australia and New Zealand, we are feeling a new kind of sun coming from the Pacific Ocean and we are witnessing new stances being adopted by the Governments of Australia and New Zealand. To those countries which were considered an almost indissoluble part of the old British Empire, the old Dominion partnerships, the attitude of the Government of Australia, not only on the political level but on the economic level towards the Government of South Africa, let us say, and their new, shall I say, affection for the lesser developed countries in the Pacific and in the Far East demonstrate a kind of grasp of the economic, social and political realities of order which were remarkably absent before.

I should like to come a little closer home, to your home and to my home. Since 1961 when the West Indies Federation was dissolved, it was officially dissolved in 1962, the referendum which took place in Jamaica in September 1961 sounded the death knell of the now defunct Federation. Four countries, four small dependent territories in the Caribbean have now become independent countries and they have sustained their independence without asking for arms from anyone—grateful for any assistance either on a bilateral basis or multilateral basis which may have been vouchsafed to them by friendly partners either in the western hemisphere or in Europe. But, nevertheless, we have managed in our four countries, Jamaica, first, Trinidad, secondly, Guyana, thirdly, and Barbados to sustain our independence to the extent that we were considered to have committed an act of defiance in October last year when we took a lead in the western hemisphere in deciding to open diplomatic relations with the Republic of Cuba, much to the chagrin of our neighbours to the north. But it demonstrates that the developing countries can take a lead in conditioning the minds of people who should know better to the realities of the new situations which we have to face in this quarter of the 20th Century. And I have no doubt that the other countries which are mightier and more powerful than the four small independent countries in the Caribbean will soon shamefacedly or not, have to follow suit because it appears to me to be a rather ridiculous situation where a country can have diplomatic relations with the Vatican, let us say as an analogy, and cannot correspond with the Parish Priest within your own frontiers, who happens to be a Roman Catholic. I do not think that the parable will be lost in this audience.

And we cannot sit down in the Caribbean and wait for our strategy to be dictated or governed by the political or other economic or social prejudices of people in other countries because to entertain such a belief would be an abandonment of the sovereignty that we believe in and we have never subscribed to the doctrine of limited sovereignty. And I have been, myself, very firm right from the beginning of Barbados' independence that we would be friends of all and satellites of none. And in the same way that the Government in Moscow, the Government of the Union of Socialist Republics, appears to believe that it is alright for a state to be independent and sovereign so long as the exercise of its sovereignty does not infringe upon the social, the political and economic interests of the Russian Government. There appears, unfortunately, to be a superstition in the western hemisphere, not restricted to the Government of the United States of America, but some of the military dictatorships in Latin America, that small independent countries could do what they like provided that what they do is not only not against the interests of the government of the larger country which subscribes to the doctrine of limited sovereignty but actually has to conform to the foreign policy and the objectives of such larger country.

Now when the Governments of the independent Caribbean countries make decisions on foreign policy, it is not merely an act of defiance, it is an act of realism. We, too, have to look at what our major trading interests and political interests may happen to be from time to time. And in making such decisions, it does not mean that we are underrating the ideologies of the countries with which we wish to have diplomatic relations. Sometimes we do it merely to protect the interests of our nationals who reside in those countries. Sometimes we do it to protect the interests of our major exports because we consider that it is better to be able to sit around a table and discuss the terms on which we exchange our goods with countries in the outside world, with people who are in a position to do us damage, than to keep them outside of the confines of the conference table. And so, it is in this light that one has to view our decisions. To emphasize it again, in the light that we do not agree with the doctrine of limited sovereignty, we will never subscribe to this doctrine.

And secondly, and following from that, that we have to follow a policy which we consider best in our own interests. And that is what Great Britain did way back in 1962. Under the leadership of Mr. Macmillan and with the able assistance of Mr. Heath then we were summoned to London for the first time, five years after the Treaty of Rome was signed, to discuss the possibility of Britain's entry into Europe. I regret to say, without in any way reflecting on the leadership of Great Britain at the time, that the reason why we were not willing to buy the European economic community at the time was not so much due to the fact that the community was something bad in itself—one Australian described it as a rich, white man's club—I did not necessarily feel the same way—the Australians perhaps had more to lose than any other country by the immediate accession of Great Britain at that time and the Australian farmers were very bitter about the very prospect of Great Britain's membership in the community—but there was, unfortunately, the old imperial stance of "listen chaps, we will tell you what is good for you". And despite Mr. Heath's valiant efforts to put matters on a more businesslike plane, we were left unfortunately with this impression that Britain had made up its mind and the Commonwealth could take the hindmost.

And at one stage Mr. Macmillan, the Prime Minister, appeared to be rather hurt over the attitude of most of the African as sociables, as they are described. He said to the leaders of the African delegations "We are rather surprised that you attack Britain like this because we thought that you wanted to get a united Africa and surely the best way to do it is to become associated with Europe because things that are equal to the same thing are equal to one another." And one of the leaders of the African delegations, who unfortunately has since been deposed, said that African unity was not to be established as a by-product of the European Economic Association. So that put Mr. Macmillan in his place. And I repeated much the same thing last week in Guyana when there was evidence that the associated states, who are as sociables under part four of the Treaty of Rome of 1957, were being confused by their nebulous situation and by the lack of a clear statement on behalf of Her Majesty's Government as to their future that West Indian unity could not be achieved as a by-product of European Economic Association but as a direct result of our own deliberate efforts. And that is part of our strategy. That is part of our deployment.

So we have, on the one hand, developed our strategy towards the community and at the same time we have to pursue a strategy of co-operation with our neighbours in the western hemisphere and I hope that Canada will play its rightful role in helping us to develop this strategy. But Canada has a special position and therefore we cannot dictate to the Government of Canada what Canada should do. I was invited to speak some ten years ago on what Canada should do for the West Indies. I have not been invited to speak on that subject here today. I have already had my say with fairly successful results and so I will certainly not abuse your hospitality by doing like Oliver—and asking for more of the very excellent soup. Neither have I been asked to say what Canada should do for Canada and I am sure that most of the businessmen here have some pretty clear ideas about what Canada should do for Canada. But I did notice yesterday that trade with the United States—over $3 billion in exports from the United States to Canada. And I am hoping that, as we develop our manufacturers and since Canada does believe in the liberalization of trade, that I can serve notice that as far as imperial preferences are concerned that I consider them anachronistic in the modern world and I know that until I make a statement like that or someone has the courage to do it, that the Canadian authorities may feel that there is some obligation to perpetuate a system of imperial preferences which can only create a lot of damage and misunderstanding. The have already created a lot of misunderstanding insofar as The European economic community is concerned and insofar as United States of America is concerned because since the Kennedy round of talks on trade liberalization, the United States Government, whether they are being sincere about it or not that is not a matter for me to investigate, I have to take things at face value, has stated its willingness to grant to the developing countries a generalized system of preferences provided that the other industrialized countries, such as the European community countries and countries like Canada, do not insist that the developing countries should extend to them reverse preferences. And I've done a little arithmetic on this whole business of preferences and I personally do not think that with modern inflation that the reverse preferences make any difference to the availability of the consumer demand or the country demand for goods from industrialized countries into the developing countries. And since they are ineffectual they might as well be abandoned but it is far better to abandon them when it appears to be an act of generosity on your part than to wait until they are proven to be useless when you get no credit for it.

I am a realist and therefore I am suggesting that the whole system of imperial preferences be abandoned as part of the strategy of the new deployment because that is the one thing that is causing some kind of hang-up against the introduction of the generalized system of preferences, GSPs as they are called, which have been mooted during the past three or four years. Naturally, until Great Britain has been told the facts of life by her trading partners inside Europe, Great Britain will wish to hang on to imperial preferences for as long as possible because British industry is becoming increasingly uncompetitive. These are the manufactured goods coming from other industrial countries such as Japan and West Germany and even Canada. And they will want to hang on to imperial preferences but the way that I see it, it is fairly obvious that by 1974 most of these will have to go anyhow.

What we are concerned about in this strategy is the system of restricting imports by our former trading partners, our friendly developing countries, and the restriction by the United States of America using quotas and sometimes complete embargoes against the goods of the developing countries. So we will have in future, quite apart from the friendly exchange of ideas, and some of them are really good ideas, which takes place at a Commonwealth Prime Ministers' Conference, to have new exchanges with new groups of people in different parts of the world. We will have to have more conferences between the Australians and the New Zealanders, the inhabitants and government of Singapore, Malaysia, what used to be French Indo-China, Japan and Hong Kong is one grouping—then all the Indian Ocean countries with the East African countries—and all the countries in the Mediterranean and in West Africa—and then all the countries in the Organization of American States, instead of those lengthy compliments which appear at the Pan-

American Union to the illustrious ancestors of the Generals who constitute most of the military governments in those countries before they attack their policies. We should have realistic exchanges—what is happening to the people over whose destinies we have the honour to preside. What are we doing about improving the standards of living of those unfortunate people in Latin America who do not strut about in military uniforms? What are you buying from us who are members of the Organization of American States? How can we increase our trade? The alliance of progress is dead and it ought to be given a respectful burial. These are the things we ought to be saying to one another and I should like to see the Canadian Government taking a more active interest, other than its contributions made to the American Development Bank, in hemispheric problems. There is a considerable amount of bi-lateral aid passing from this country to the Commonwealth countries in the area. There is a considerable amount of trade even with Cuba and I applaud the wisdom of the Canadian Government and the Canadian people, in continuing to trade with the country rather than creating animosity with people who have no quarrel with the people of Canada. But there is room for a great deal more dialogue between the countries who are deployed in this part of the world. And I think that if we had the Government of Canada more intimately involved in our discussions on real terms, whether this is desirable or not—I think it is desirable, that it would do a lot to introduce an atmosphere of realism into the discussions which the Latin American countries and the Commonwealth countries who constitute the organization have across the table with their mighty neighbour to the north, the United States of America.

We have now moved and will be moving on the first of August this year to establish a Caribbean community. By doing so, we do not remove the four independent countries outside of the Commonwealth. The concepts of change, new strategies are being developed. The thing about the Commonwealth, that it is difficult to define. It is like the British Constitution. But somehow or other it works and it works sometimes more successfully than those things which have been institutionalized and have their constitutions embodied on the four corners of a document. It works because it is flexible and it works, not because it is monolithic, it works because it is everywhere. What we should be doing now, apart from the geographical realities of the Commonwealth being everywhere, is to make sure that the Commonwealth is in everything. So the Commonwealth is in Europe in the economic community. The Commonwealth is now, for the first time, in the Organization of American States and we small countries put it in the Organization of American States. Great Britain has just been refused observer status. How have the mighty fallen. Great Britain has been refused observer status. Of course, we voted for Great Britain. They couldn't get in anyhow but we voted for them. But even if our vote was going to make the difference, we would still vote for Great Britain and we are prepared to vote for Canada. But the point is that we put the Commonwealth in the Organization of American States. The Commonwealth is everywhere and we want to get the Commonwealth in everything. This is the message which I have. Because unless you are in everything, people can do things to you. So the Commonwealth is in the Organization of African Unity. The Commonwealth should now try to get into Rhodesia and South Africa. This is my belief. We are in the Indian Sub-continent. We have never really left Peking, we've been selling them goods all along. We are in the Middle East and we should never leave it, not with soldiers or military presence, but we have to make sure that wherever there is intercourse with human beings, whether it be trade, or social, or cultural, that the Commonwealth is involved. And small countries sometimes can lead the way. What we have to ask is where does Canada stand in all this? Canada went into the Colombo Plan far away, far away places with strange-sounding names, not really vitally affecting Canadians, either military, if there are any, or economic interests, but as a gesture of good will. But there are areas almost immediately contiguous to the Canadian borders that Canada should be involved. Canada is part of the new world and part of the western hemisphere. There is no point in Canada pretending that it belongs to some era which all young children do not even understand to have existed in the past far less to be a present day reality. So I am hoping that in the conference we have in 1973, I have been attending them since 1962, it will be held in Ottawa, that we will not see a new heaven and a new earth or that we will build Jerusalem, or anything like that, but that we will witness an appreciation of the new strategy of involvement which is necessary if we are going to be able to understand one another, if we are going to be able to understand not only in a lingua franca, understand what I say, I'm sharing a common language, but understand our problems and be able to advise and do something about them. And by the deployment of getting involved now with people in a peripheral kind of way, not so much involved towards the centre or looking toward the centre, but looking in an eccentric kind of way to the periphery in the areas in which I have mentioned but particularly in our own area.

We have started our drive to get involved in the Caribbean and Canada can start its drive by getting involved in the north. Australia has spearheaded the movement with the Prime Minister of Singapore in South East Asia in the Pacific. The lead has not come from London. The lead has come from us and unless Canada wishes to abandon its role as an equal partner then Canada must do some spearheading as well, and this is what I am looking forward to in August this year. That new concepts will arise, that we will have new ideas and that we can go forward being able to communicate and understand the problems and to build up a much more lasting peace and prosperity than we have enjoyed up to the present. Thank you.

Mr. Barrow was thanked on behalf of The Empire Club by Sir Arthur Chetwynd, a Director of the Club.

MR. CHETWYND:

Mr. Chairman, Mr. Prime Minister, Your Excellency, Ladies and Gentlemen:

All of us in this room today—certainly The Empire Club members—support the notion that the Commonwealth of Nations, althougn changing from its original concept, is an important and vital force for good amongst the nations of the world. A unique organization, cutting across boundaries of country, race and creed—a family with interests where the English language is the common denominator.

No doubt a number of us here today have already sampled and know the delights of the "Island In The Sun", "Bimshire", "Little England" or better name—in keeping with the song—"Beautiful Barbados".

My wife and I have had the good fortune of working and visiting the Island of Barbados for 12 consecutive years. Anyone who has visited Barbados, immediately achieves a sentimental attachment to that small but lovely jewel in the Caribbean sea, inhabited by such charming, friendly and gracious people . . . particularly important when a Canadian winter is freezing us out!!

Quite apart from this natural desire—at least when you get a little older—to escape to a more hospitable climate, Barbados and Canada have, I believe, a very special and unusual affinity. Canada is an enormous land, Barbados is a tiny piece of land. Both of our peoples, if nothing else, are known as friendly, courteous and peaceful people around the world. This relationship between Canada and Barbados, and with other Caribbean countries, is most important. Barbados and its people have many lessons to teach Canadians . . . 300 years of Constitutional Government—a long history of the values of a sound religious life—and an excellent educational system. We have a relationship which I believe is worth treasuring.

We are indebted to you, Mr. Prime Minister, for coming such a long way from your beautiful country to speak to us today, and enlighten us as to some of the new deployments of the Commonwealth. It behooves us to listen to each other and to learn. Good friends and good neighbours are vital to life. May the understanding and affection between Canadians and Barbadians continue to go from strength to strength. The association is good for our two countries and the example of a mutually productive association is important to the Commonwealth and this troubled and disturbed world.

APRIL 26, 1973

President's Report - Annual General Meeting

CHAIRMAN The President, Joseph H. Potts

MR. POTTS:

Paragraph 2 of Article VI of our constitution imposes two requirements. Firstly, that an annual meeting of members be held not later than April 30 in each year and secondly, that a report of the year's proceedings and work shall be submitted by the President to the annual meeting.

We have complied with the first requirement and I shall now endeavour to comply with the second.

I have enjoyed the great honour of being the 70th President of the Club. I doubt that any of my predecessors assumed the responsibilities of the office with more fear and trepidation than I did. It really is an awesome challenge but, as is usually the case, the rewards are commensurate with the extent of the challenge. I use the word reward advisedly in the sense of having assisted in furthering the objectives and perpetuating the tradition of this Club. Let me hasten to add that I do not apologize for the word tradition. Indeed this Club is the embodiment of tradition in its finest sense. I very much doubt that The Empire Club would enjoy its present reputation or even continue to exist were it not for the tradition with which it has been associated. Tradition has been its strength throughout its seventy years. I do not speak of an immutable tradition. We have changed over the years but not merely for the sake of change. As evidence of this I would draw your attention to the fact that this year we even admitted as members our colleagues commonly referred to as the fairer sex! But the most compelling evidence of the debt which we owe to our tradition—or history—or reputation —however you wish to describe it—is to consider the likelihood of success if a group of us today endeavoured to found such a Club. I would wager that any such endeavour would be doomed to failure.

Certainly the high calibre of our speakers is attributable to our reputation and to our ability to assure our guests that a substantial and enlightened audience will be present to welcome them and to hear their message. This merely emphasizes the necessity of encouraging our friends to become members. In this connection I am pleased to advise that our total membership stands at 2,502 compared with 2,486 a year ago, representing 335 new members and a loss of 266 due to death and resignations.

As is our custom we have endeavoured to ensure that our speakers represented a broad spectrum of interests. From the federal political arena we were privileged to hear the leaders of all four parties, our guest today and the Secretary of State for External Affairs. The Prime Minister of Quebec, the Premiers of New Brunswick and of Alberta and the Leader of the Opposition in Saskatchewan will have been our guests.

An experiment, which proved to be most successful, was our meeting with the three Toronto mayoralty candidates.

We also welcomed two politicians from beyond our borders, John Connally, the former Secretary of the Treasury and Governor of Texas, and the Prime Minister of Barbados. From the field of the arts and literature John Fisher paid a marvelous tribute to A.Y. Jackson on the occasion of his 90th Birthday and Margaret Atwood aroused us from our literary lethargy. Marshall McLuhan and John Deutsch represented the academic world with distinction as did Claude Ryan and Davidson Dunton on behalf of the fourth estate. Jim Worrall, the Canadian Representative on the International Olympic Committee, gave us a new insight into problems associated with amateur sports. We were honoured by five public servants, two foreign and three Canadian—the President of the World Bank, the Secretary General of NATO, the Chairman of the Law Reform Commission of Canada, the Chairman of the Economic Council of

Canada and three gallant officers from Maritime Command, Canadian Armed Forces.

The President of the Canadian Labour Congress spoke on behalf of the labour movement and Max Ward from Edmonton and Jim Salter from London, England represented the business community. This made a grand total of 27 regular luncheon meetings, three of which were held in conjunction with The Canadian Club of Toronto, one dinner meeting and in addition we enjoyed our regular Christmas party when we welcomed our Honorary Vice-President, the Lieutenant Governor of Ontario.

The average attendance at our weekly luncheon meetings was 335.

With respect to finances I am happy to report that, according to our most conscientious Secretary-Treasurer, Ron Goodall, the Club has operated at a profit and had a surplus on the current year's operations in the order of $8,000. The members' equity account now stands at approximately $16,000 compared with $8,000 a year ago.

In closing I wish to express my very sincere appreciation to all the officers, past presidents and directors without whose support this year would not have been successful. In particular permit me to mention Bob Armstrong, who assumed the extremely onerous task as Chairman of the Head Table Committee, John Strathy, Chairman of the Membership Committee, Peter Hermant, Chairman of the Public Relations Committee, Arthur Chetwynd, Chairman of the Attendance Committee and those three stalwarts who so graciously look after the reception of our members and guests, Clarence Crummey, Jim Parish and Bud Hoffman.

Permit me to pay a special tribute to our indefatigable Executive Secretary Eleanor Cook who performs more than a full-time job on a part-time salary, and also to Adrien and all the staff of the Royal York Hotel for their service and cooperation which is always most courteous and pleasant.

Finally, may I express my sincere gratitude to each of you—not for putting up with my weekly perorations—but because your continued support ensures that The Empire Club of Canada will continue to make the vital contribution to the public life of this country that it has made over the past seventy years. All of which is respectfully submitted.

The present constitution makes provision for a Secretary-Treasurer. Your Board of Directors, in their wisdom, recently passed a resolution amending the constitution to provide for a Secretary and a Treasurer, in order to spread the load. This requires confirmation by this meeting. All those in favour say "Aye"—contrary minded if any?—I declare the motion carried.

I shall now call upon Dr. Harold Cranfield to present the report of the Nominating Committee on behalf of the Chairman, Hal Jackman.

DR. CRANFIELD:

Mr. President, Your Board of Directors appointed the following as the Nominating Committee for this Annual Meeting:

(a) *From the Board of Directors*
  Henry N.R. Jackman (Chairman)
  Dr. James Parish
  Dr. Harold V. Cranfield
  Lt. Col. John G.B. Strathy
  William M. Karn
(b) *From the General Membership*
  B/Gen. Bruce J. Legge
  Col. E.A. Royce
  Marvin B. Gelber
  Ronald Goodall
(c) *Ex Officio*
  Joseph H. Potts

Your Committee is proud to recommend for your consideration, the following list of members to be considered as Honorary Officers of the Club:

Honorary President
His Excellency,
The Right Hon. Roland Michener,
C.C., C.D., Q.C., P.C., LL.D., D.C.L.,
Governor General of Canada
Honorary Vice-President
The Hon. W. Ross Macdonald,
P.C., C.D., Q.C., LL.D.,
Lieutenant Governor of Ontario
Honorary Secretary
William Dennison,
Former Mayor of Toronto
Honorary Treasurer
Marvin B. Gelber
Honorary Auditor
H.T. Jamieson, F.C.A.
Honorary Asst. Secretary
Norman Borins, Q.C.
Honorary Asst. Treasurer
Very Rev. Ernest M. Howse,
S.T.M., Ph.D., D.D., LITT.D.
Honorary Historian
Ernest Miles
Honorary Solicitor
R. Bredin Stapells, Q.C.

As to the Board of Directors, we recommend for reelection the following Directors:

1. P.J. Ambrose
2. Robert L. Armstrong
3. Donald H.W. Bath
4. Mayor Willis L. Blair
5. Sir Arthur R.T. Chetwynd, Bt.
6. Dr. Clarence B. Crummey
7. Marcel Desautels, LL.M.
8. Emerson C. Dowd. C.D., M.D., F.R.C.S.(c)

9. A. Carlyle Dunbar
10. Lt. Cmdr. Hugh R. Franks, C.D.
11. C. Warren Goldring
12. Gordon E. Grundy, F.C.A.
13. Peter Hermant
14. Major Charles C. Hoffman
15. Lt. Col. P.W. Hunter, C.D.
16. William M. Karn
17. J. Alex Langford, Q.C.
18. H. Allan Leal, Q.C., LL.D.
19. James Mackey
20. Vladan Milic, M.R.A.I.C.
21. Dr. James A. Parish
22. The Hon. John P. Robarts, P.C., Q.C. LL.D.
23. George O. Stafford
24. Lt. Col. John G.B. Strathy, C.D.
25. G/Cpt. R.C.A. Waddell, D.S.O., D.F.C.
26. Rev. J. Robert Watt, B.D.
27. J.A. William Whiteacre, M.M., C.D., Q.C.

We have great pleasure at this time to recommend the following persons as new additions to our Board of Directors:

1. Leland H. Ausman
2. Donald H. Carlisle, B.Sc., Associate, Harris and Partners, Investment Dealers
3. F. Martin Crispo, Financial Vice-President and Treasurer, National Life Assurance Company
4. G.E. Peter Eastwood, C.D., Canadian Reinsurance Company
5. John A. MacNaughton, Executive, Fry, Mills, Spence and Company Limited
6. Dr. Murray G. Ross, President Emeritus, York University
7. A.C. Ryley, F.C.A., a Partner in Coopers & Lybrand, Chartered Accountants
8. Lt. Col. E.H. Shuter, C.D., F.C.I.S., Secretary, The Hospital for Sick Children

9. Gordon W. Swayze, Manager, Real Estate Department, National Trust Company, Limited.

As far as the working Officers are concerned, we have pleasure in proposing for the office of Secretary, Lt. Col. Reginald W. Lewis, C.D., A.D.C.

For the office of Treasurer, Mr. Ronald Goodall, C.A. As far as the senior executive posts are concerned, we have the honour to propose to you the following list of Vice-Presidents:

First Vice-President and therefore heir presumptive, we nominate Sir Arthur R.T. Chetwynd, Bt., President and General Manager, Chetwynd Films Limited.

For the position of Second Vice-President, we nominate Mr. Peter Hermant, Vice-President, Imperial Optical Company.

For the position of third Vice-President, we nominate Lt. Col. John G.B. Strathy, C.D., Vice President, Associates Acceptance Company Limited.

I now come to the most important position in the Club, that of President. Your Committee proudly and unanimously nominates, to become the 71st President of The Empire Club of Canada, Mr. Robert W. Armstrong, Vice-President of The Guaranty Trust Company of Canada. Bob Armstrong and I both joined the Board of Directors of The Empire Club at the same time many years ago. Those of us who have known Bob Armstrong over the years, can speak well of his ability, his industriousness, and not the least, his sense of humour.

Before moving the adoption of this report, I would indeed be remiss if I did not take this occasion to publicly pay tribute to the magnificent contribution that our incumbent President, Joseph H. Potts, has made to this fine and historic Club. His choice of speakers has been unequalled; attendance at our meetings are at record levels; and the Club's treasury continues to be in a most healthy condition.

Speaking from experience, I can attest that no one perhaps welcomes the Annual Meeting of The Empire Club of Canada more than the immediately retiring President and as Joe Potts sets his mantle aside, he can be secure in the knowledge that the year of his presidency was in the finest traditions of The Empire Club of Canada.

Joe Potts will continue to serve on the Board of Directors along with Dr. Harold Cranfield, Mr. Ian MacDonald and myself as Immediate Past Presidents.

Ladies and Gentlemen, it is my pleasure to move the acceptance and adoption of this report and to propose Mr. Robert Armstrong as the 71st President of The Empire Club of Canada.

MR. POTTS:

Thank you, Dr. Cranfield.

Are there any further nominations?

All those in favour of the motion say "Aye"—contrary minded if any?—I declare the motion carried and those persons named in the report to be the Directors of the Club for the ensuing year.

The officers of the Club are elected by the Board of Directors and not by the members. Strictly speaking, therefore, we will not know the name of my successor until the Board meets immediately after this meeting. I am reasonably confident, however, that democracy will not rear its ugly head and that the recommendation of the Nominating Committee in that respect will be accepted. Accordingly, I wish to congratulate Bob Armstrong on his election as the 71st President of The Empire Club of Canada and to wish him every success in the coming year. I know that he will make a great president. Last year at this time my predecessor, Hal Jackman, made reference to the fact that I was the first president in many years to be a prominent member of the Liberal Party establishment and that I was the first president since 1914 to wear a beard. Well I hesitate to indicate the party establishment to which Bob Armstrong belongs—suffice it to say I am confident that it is not Liberal. In any event he comes to you clean shaven and I know he is going to do a tremendous job as President.

APRIL 26, 1973

Aboriginal Right: Let's Face It

AN ADDRESS BY Flora MacDonald,
M.P., KINGSTON AND THE ISLANDS

CHAIRMAN The President,
Joseph H. Potts

MR. POTTS:

THA SINN AG CUR FAILTE OIRBH! For those of you who are not bilingual that is gaelic for ''We bid you a hearty welcome''.

Tansé Oté—welcome here.

Miss MacDonald, let me assure you that we are simply delighted to have you with us today. We are particularly grateful to you in that, when most members of parliament are enjoying a well deserved holiday during the parliamentary recess, you have forgone any such respite in order to be with us.

It strikes me as most appropriate that the Prime Minister of Canada should have addressed the first meeting of our current season and that Miss MacDonald should address the last of our regular luncheon meetings. Just another example of the high degree of impartiality for which The Empire Club is justly famous.

Miss MacDonald is not the first member of parliament from Kingston to address the Club, although she is the first conservative member to do so. We never managed to include in our roster her illustrious namesake Sir John A. for the simple reason that the Club was not founded until after his demise. However, The Honorable Norman Rogers, as Minister of National Defence, was scheduled to address the Club on June 10, 1940 but he was killed when his plane crashed en route to the meeting. The members in attendance were unaware of the tragedy and in his absence a copy of his text was read by another person. Then in February 1969, the Hon. Edgar Benson spoke to us when he was Minister of Finance.

Miss MacDonald has been described as the "red-haired Red Tory who cites old values." Mr. Gad Horowitz has said, I quote, "a Red Tory, at the simplest level, is a conservative who prefers the N.D.P. to the Liberals or a Socialist who prefers the Conservatives to the Liberals, without really knowing why. At a higher level he or she is a conscious ideological Conservative with some 'odd' Socialist notions . . . or a conscious ideological socialist with some 'odd' Tory notions . . . "

But according to Miss MacDonald "a Red Tory is a person who goes back to fundamental values of Toryism" but she goes on to say that "although she may be the reddest Tory of them all, that is only from the point of view of hair colouring."

In any event our guest has a fantastic career behind her and probably an even more fantastic one ahead.

"She is a sixth generation Canadian, and is descended from a family of Scots who immigrated to Cape Breton in the eighteenth century. Her grandfather was the captain of a clipper ship, her father a telegraph operator. She was educated at North Sydney High School and, of far greater significance, at the Empire Business College! Though having few material advantages, she was raised by her parents, to hold a firm belief in the virtues of close family ties, consideration for others and self reliance. This background has given her a strong sense of individualism, independence and sympathy for the problems of people who have not led easy lives.

"Flora—and half the people in Canada must call her that—" writes Tom Hazlitt in the *Toronto Star*, "is moving gracefully into the approaches to middle age, but she is the kind of woman who will always be called a girl. She's the kind that works all night, will talk politics rather than eat, who loves her friends and makes excuses for her enemies—and does it all with the kind of intensity that makes liars of those who say Canadians are dull."

Miss MacDonald's career in the Progressive Conservative Party began in 1956 when she helped Mr. Stanfield in the election that made him Premier of Nova Scotia. A few months later she was given a job in P.C. headquarters in Ottawa where she served for nine years, the last five as executive secretary of the party.

Her interest in national affairs has embraced a wide variety of activities outside the party. She was the first Executive Director of the Committee for an Independent Canada, and a consultant to both the Royal Commission on the Status of Women, and the House of Commons Committee on Electoral Expenses. In 1971 she became the first woman to be appointed to the National Defence College course in Canadian and International Affairs, a course operated at Kingston for senior military and government officials.

She is a Director of the Canadian Institute of Public Affairs and a Past President of the Elizabeth Fry Society.

First elected to the House of Commons last October, she was appointed Chairman of the Progressive Conservative caucus on Indian Affairs and Northern Development and has tackled that responsibility with the incredible zeal and dedication for which she is justly famous. Indeed, when I finally tracked her down to invite her to speak to us, having aroused her from her slumbers one Sunday morning—by means of the telephone I should add, she had just returned from a ten-day trip through Canada's North.

Ladies and Gentlemen—it's my great privilege and pleasure to invite a very distinguished Canadian, Miss Flora MacDonald, M.P. to address us on the subject "ABORIGINAL RIGHT: LET'S FACE IT".

FLORA MACDONALD:

Thank you, Joe Potts, for that very warm and wonderful welcome. It really is a great privilege for me to be here today and when your newly elected President spoke of trepidation with which he faces his job—when I heard of the number of speakers and the quality of speakers whom you have had this year, let me tell you, for the first time I began to shake.

One of the things I had some difficulty with when I was asked to come here and speak to you was to decide on a topic that I would choose to deal with with this rather august assembly and I thought of a number of topics that I might bring to you. First of all I considered analysing some of those exciting war games, the kind that Joe and I have engaged in over the last few years on different sides of the political fence. But I thought if I did that he might demand equal time.

And then, let me tell you I gave very considerable thought to refuting some of the provocative and, if I may say, presumptuous positions put forward by the Hon. John Connally when he addressed himself and subjected you to his interpretation of our nationalism here in Toronto a few weeks ago. I resisted that temptation.

I even thought briefly about talking to you for perhaps the umpteenth time of what it's like to be a woman in politics. But I have sworn off that subject until the present situation is reversed—that is, until there are 259 women and five men in the House of Commons and then, I suppose, all the newsmen will go around writing about those uncommon men in the House so, instead, I have chosen to speak to you about a subject that has absorbed an increasing amount of my time and interest in the few months since Mr. Stanfield asked me to become the Conservative Party's spokesman on Indian Affairs and Northern Development—the subject of Aboriginal Rights of our native people.

I find that whole books have been devoted to this subject —that volumes of British, American and Canadian jurisprudence have dealt with it—that significant cases involving the conflict between native land rights and developmental projects are currently before our Canadian courts.

And yet, very few people concerned comprehend what is meant by Aboriginal Rights or what the consequences of recognition and settlement will be not only for the native people of Canada, but for all Canadians.

When choosing this subject I was somewhat concerned that I might be dealing with something you had heard about many times. But I found that I didn't really need to have that worry because in looking over your record of speeches I found that October 1969, was the last time the question of the future of Canada's native people was a subject of discussion in this forum. That was following the publication of the Government's white paper on Indian Policy when you were addressed by the Hon. Jean Chretien, Minister of Indian Affairs. I read that text, his text, on Indian Policy very carefully and I found, not unexpectedly, that the words *Aboriginal Rights* or *Native Title* were never referred to in his remarks.

That was, and still is, symptomatic of the present regime in Ottawa. Let me explain.

In 106 years of Canadian Parliamentary history, the concept of Aboriginal Rights has been debated only once in the House of Commons—on April 11th of this year. That debate, initiated by the opposition parties, jointly sought to redress a wrong.

The motion asked the present Government to endorse the concept of Aboriginal Right as set out in a paper presented by the National Indian Brotherhood of Canada. But the Government refused to allow the motion to come to a vote.

Now you may ask why the delay of 106 years before this subject was debated?

Well certainly it was not because the subject was considered insignificant or unimportant in our earlier history but up until 1969, the basic principle of aboriginal rights was accepted by every successive Canadian Government as an integral part of our constitutional makeup. The process of recognition and settlement may have been slow, there may have been just procrastinations but the principle was never in doubt. But all that changed in 1969, with the introduction of the Government's white paper on Indian policy. Never before was a Prime Minister of this country to reject the concept of Aboriginal Rights. But at that time Mr. Trudeau did so in these words, he said—"Our answer (to aboriginal rights)—it may not be the right one and may not be the one you accept—but our answer is NO.''

He urged the native people to ''forget the past and begin today.''

Well no wonder the Indian people were outraged. Such an approach is a denial of their history and culture. Moreover, it would represent the abandonment of the basis of their historical and legal claims for justice from our society. That approach denies the obligations of history—the obligations that we as Canadians have to our native people.

It is these native people, exhausted with constant questions of what Aboriginal Rights means to them, tired of telling us of their attachment to the land that once fed, clothed and housed them—it is these native people who are waiting and watching what we in Parliament and all of us as Canadians do about this issue.

Simply stated, aboriginal right is the right of an Indian tribe or band, the native peoples, to use and occupy their traditional lands.

And where these rights are extinguished, compensation in land grants, in incomes or royalties must be provided. What we are really talking about is recognition and settlement—recognition and acceptance of a principle; settlement of outstanding claims.

The Progressive Conservative Party gives whole-hearted recognition to the concept of Aboriginal Rights. It undertakes to settle fairly the outstanding Aboriginal claims of Canada's native people.

And we intend to work toward a negotiated settlement of disputed claims—disputed treaty and Aboriginal claims—and we will do so in fair and full consultation with the native peoples.

There is obviously a clear distinction between the two major parties on this issue of Aboriginal Rights. One accepts the concept as valid—the other denies it.

And just briefly I would like to give you an historical perspective of this question.

The concept of Aboriginal Rights or title was developed in the colonial context of North America. The first major colonial power, Spain, did not initially recognize native land rights, but gradually, gradually Spain came to understand that recognition was necessary on *practical* and *moral* grounds.

It is clear that the recognition of Indian land rights goes back to the very early periods of colonial settlements and represents practical experience that non-recognition led to a real sense of injustice on the part of the natives that endangered colonial settlement.

Historical evidence in this and other countries makes it clear that a policy which fails to recognize Aboriginal land rights sows seeds of bitterness and distrust.

So all we can do, in a phrase the Prime Minister often uses, is to try to be just in our time.

But was it *just*, as the Prime Minister did in 1969, to indicate that while his Government would recognize treaty rights, he rejected flatly the still more important obligation of Aboriginal title, commenting that "in our policy, the way we propose it, we say we won't recognize Aboriginal rights." First, this is a denial of the most important of all native rights, one which has been recognized for centuries in many parts of this country. Second, even a moment's reflection suggests that the first principle of Aboriginal title underlies all the treaties and gives them their validity. A denial of the concept of Aboriginal title could well involve eventually a denial of the many Indian treaties based upon it.

Yet over and over again during the treaty period in the history of our country, in the west, the commissioners, speaking for the Crown, and the orders-in-council appointing the commissioners, refer *to an Indian title which has to be extinguished*.

And Mr. Justice Hall speaking of the recent judgment in the case of Calder vs. the Attorney-General of British Columbia, said that if treaties were not designed to extinguish Aboriginal Rights, they were fraud on the part of the Government, and that, he said, could not be presumed.

The treaties, and you must recognize there are two major parts of the country in this regard, the treaties which apply primarily to Indian bands in Ontario and the Prairie Provinces, that section of the country, Ontario and the Prairie Provinces, these treaties stand as a clear recognition of the Aboriginal Rights of the Indian people who signed them. They were not always honoured or their obligations fulfilled, but the recognition of the basic principle was there.

But then there are other significant parts of this country outside of those treaty areas—and I am speaking now of the Maritimes, of Quebec, of British Columbia and of the Northern Territories—vast areas where no treaties have been signed and no reserves established for native communities. The land claims of the native people in these vast areas have never been settled. Yet the constitutionality of their case is governed by the Royal Proclamation of 1763, which, by its very wording, is a clear recognition of Aboriginal Rights. That proclamation has the force of a statute in Canada and it has never been repealed. It is frequently termed "the Charter of Indian Rights."

The proclamation does not purport to create Aboriginal Rights. It assumes these rights exist and it does so in these words—

> . . ."And whereas it is just and reasonable and essential to our interests and the security of our colony that the several nations or tribes of Indians with whom we are connected and who live under our protection should not be molested or disturbed in the possession of such parts of our Dominions and Territories as, not having been ceded to or purchased by us, are reserved to them or any of them as their hunting grounds." That proclamation still stands today.

And so we see that the treaties, which were entered into as a recognition of native title to the land, and the Proclamation of 1763 which assumed the existence of Aboriginal Rights in vast areas of the country not covered by treaties, provide the legal basis for this concept.

I do not question the constitutional or the legal rights of the native people of this country to a just land settlement. But I would not stop there.

We have a moral right to help them achieve recognition and settlement of their Aboriginal Rights. More importantly, we must recognize that their concept of land, rooted in their belief in Aboriginal right, is vastly different from that of ours.

Because we have chosen, we white Canadians, because we have chosen in large numbers, to become a mobile, transient population, living in high rise apartments, or moving from one faceless part of Suburbia to another, as our incomes permit, cutting off our roots, shifting our loyalties, it is no reason to assume that because we have done this we should seek to enforce these values on others.

Land, to many of us, is a piece of property we own until we can move on to something better.

But the native people have a far different concept of land. It has a mystical—a spiritual quality to them. The concept the native person had and still has, about the land, is that it is a communal ownership and he is its custodian for future generations. He has the use of it and its resources while he lives, but he has no right to destroy it in his daily use of it and thus deny its benefits to future generations.

I can perhaps best explain this feeling by quoting from two of the briefs presented recently by native leaders to our standing committee on Indian Affairs and Northern Development.

Firstly, one Indian leader said—

> "Without land, Indian people have no soul—no life—no identity—no purpose. Control of our land is essential for our cultural and economic survival."

And Secondly:

> "We are people of the land. We have come from the land. And we love the land but the land is no longer what it was. The land is now a part of the white man's new economy. It is tracked over, marked off, sold and scarred for the minerals and oils that lie beneath it. . . .We are accepting that the land is no longer usable in the old way. We must seek a way to live in the new economy for which our land is being used. We are not seeking a way to sell our land. We are seeking a

> way to use it in the new way. Our culture does not allow us to sell our land. The land is a part of us and we are a part of the land.''

That is their concept of the land. For too long we have ignored it, avoided it or worse still, abused it. We have taken advantage of their lack of sophistication to persuade them that our methods were better—if not for them, at least for us.

But that situation is changing. The native people cannot be expected to put up forever with this kind of duplicity. No group would. The native people have before them the temptation to respond with violence when gentler methods fail.

One remarkable fact about Canada's native leadership is the strength with which it has resisted the temptation to abandon consultation. With the emergence of strong and articulate leaders, and I am delighted to have two of the national leaders of the native people here today at this meeting, with the emergence of those leaders, native people are still prepared to negotiate in good faith. I only suggest that their moderate response cannot be counted on forever.

So the real question about Aboriginal Rights is not whether we will face them, but when, and in what spirit.

Of course, the people who must be convinced about Aboriginal Rights are not the native people but the whites. The time will come when parliament and the Government will have to consult and advise native leaders about certain realities within the white community, namely, what we think we can afford by way of settlement. No doubt that will be difficult, although it will be easier if native leadership is reasonable, as it is today, than if we drive out reasonable leadership.

But the case which the Government and parliament must make today is to the concerned people of white Canada. Their concern, I find, is based upon two fears: First, a fear that any settlement might be too extravagant for the national treasury to bear; and second, a fear that any payments made under a settlement would be wasted by people who, we assume, so often have not yet learned to manage their affairs.

Well I want to address myself to these two concerns briefly.

First, it is important to make it clear to everyone concerned that there are limits upon the settlement the National Treasury can bear. We do not intend to give away the country. No cities are in danger. No province is to be given back to the Indians. At this stage there is not even a commitment in dollars. There is simply a commitment, one would hope, to deal in good faith and as equals with people who have claims older than any other claims this country must consider.

The claims to date are reasonable, no matter how often they are distorted. The Minister, Mr. Chrétien, was himself guilty of distortion, when he publicly quoted an unnamed source in British Columbia as saying, "There are Indians in B.C. who say B.C. is all Indian land and there should not be a white man there." Well where did he get such a statement? Certainly not from the Union of B.C. Indian chiefs, whose moderate, reasonable position has been presented to the Minister in these words:

They said—

> . . . "We are asking for compensation for loss of those rights of occupancy and use of lands for which loss we have never received compensation and for adjustment of the compensation in those few cases covered by treaties where the compensation was inadequate.
>
> "We rely on the sense of justice of the Canadian people and believe that Canadians will insist that their government recognize and deal with our claims because it is just. We have been deprived of valuable rights which we used to enjoy exclusively and of right, and have been deprived of them without compensation. That is not just.
>
> "We have not set a total value on our claim. Our suggestion is that the claim be accepted in principle and that machinery then be established by which it can be valued in detail. And that an award or awards be made of the amount so established."

That is the request of the B.C. Indian chiefs. One which I think is reasonable and has validity.

Further on the question of costs, we are already as a country heavily involved. In direct dollar terms, the annual budget of the Department of Indian Affairs and its related agencies is $450 million a year—almost half a billion dollars—and growing annually. In indirect dollar terms there is the high and recurrent cost of provincial welfare and other programs serving native populations.

And in human terms, which dollar calculations cannot compute, we pay the staggering price each year of human potential wasted or destroyed.

And there are still other costs—costs which will be of importance to all those in the business community. For the native people now realize that if their just demands cannot elicit from us a just, moral, political and economic solution, they have recourse to the courts.

Many of you will be aware of the massive hydro-electric project underway in the James Bay area of Northern Quebec. This project, which will involve expenditures estimated at between $6 and $10 billion dollars—which has been questioned and deplored by many of Canada's leading economists, biologists, engineers, environmentalists and climatologists, this project is forging ahead.

And though thousands of Canadians have doubts as to its future impact on our country, whether economically or environmentally, only one group has taken action.

The native people of the James Bay area have for some months been engaged in court action to obtain a temporary injunction to halt the hydro project until their just claims have been met.

And why do I say just claims?

Because under the Royal Proclamation of 1763 they have Aboriginal title to that land which has never been extinguished. Even the Minister acknowledges that.

The Government of Quebec may choose to ignore these claims, but the Federal Government has a constitutional responsibility, to say nothing of its moral responsibility, to see that the law of the land is upheld; that the native people of Quebec are not exposed to the same shameful treatment of expulsion, non-compensation and high-handed bargaining accorded their people in other parts of the country in earlier times.

Surely, if we have learned nothing else from our history, we have learned to acknowledge and without much pride, that the native people of Canada in times past were victims of white trickery. Let us not perpetuate this shameful treatment through another generation in seeking to out-manoeuvre the Indians and Inuit population of James Bay.

Or, in what may become a parallel situation, the native people in the Mackenzie Corridor of the Northwest Territories who are now initiating court action to gain time to negotiate treaties which were written but never fulfilled, of settlements which were promised but never honored.

Here we have two huge developments, each reputed to cost in the vicinity of $10 billion, which can conceivably be invalidated in the courts until the question of who owns the land is settled. Aboriginal title should be of more than passing interest to our captains of industry—it should make them as anxious as the native people to have this complex and perplexing issue resolved.

There is a second fear shared by many Canadians, the fear that native people cannot manage their own affairs or do not want to—that fear is perhaps not without some foundation and we have contributed to it. For we have spawned a giant governmental bureaucracy which makes a people increasingly dependent on it—which, regardless of its good intentions, has not produced any long-term solutions to an increasingly important issue—which has not seen any significant maximization of the potential of our native people.

Rather, the native people of this country suffer a mortality rate five times that for all Canada.

Their life expectancy is half that of other Canadians.

Their housing hopelessly overcrowded and inadequate.

Their school dropouts are double those of non-Indians.

Their unemployment rate is 80 percent during the winter months and 60 percent during the summer.

Surely the costs—the social costs—like these are far more for us to bear than the settlements they seek.

But there is a positive aspect. With the help of governmental grants, the native organizations have, in recent years, created a remarkable cadre of leadership, nationally and in the provinces and territories.

And these organizations are now of a calibre where they can produce their own research, their own negotiating teams and their own goals for their people.

It seems to me, therefore, we are faced with two alternatives. One is to continue the paternalistic system that we have had in the past, the system that I have been describing; the second is to face up to the recognition and settlement of Aboriginal Rights.

One consequence of the eventual settlement of Aboriginal claims is that Canadian native people will then be forced to stand on their own because once the settlements are made, the claims are gone.

If money or land received in settlement is wasted that will be it. Knowing this, knowing that the settlements which are reached will have to be lived with, will itself force native people to face basic questions about their status, about the reserve system, about their role in Canadian society. It will force them to face these and other questions with a seriousness which cannot exist in the present atmosphere of so-called consultation when they naturally believe their opinions are being sought only to find they have been ignored.

What the settlement of Aboriginal claims will mean to the Indian people is not simply money or land, but more important responsibility, in a much fuller system than exists in the paternalistic system we have today. Beyond that, a recognition of Aboriginal Rights is a matter of simple justice made more urgent by prolonged delay . . . these are the people who first occupied these lands. We took it from them, seldom by conquest, sometimes by agreements which were unfair then, or are inadequate now, sometimes without settlement at all. After taking the land, we took their dignity and independence. In simple terms, we owe a debt. If we believe in any sort of justice in society, we must recognize our obligation to Canada's native people and to their Aboriginal claim.

And that obligation must be recognized not only by government, not only by the politicians, not only by constitutional lawyers, but by all members of the Canadian business community—by you, yourselves.

Thank you.

Flora MacDonald was thanked on behalf of The Empire Club by Major A.J. Langley, a Past President of the Club.

MR. LANGLEY:

You know, Mr. President, listening to Miss MacDonald I was very conscious of the fact that there are no uninteresting subjects only uninterested people as those people our speaker is caring about and concerned about, because I think she would agree with me that there are those who make things happen and there are those who watch things happening. And, of course, there is the great tragedy, there are those who don't even know anything is happening. And as she addresses herself to try to convert the third group to the second and finally the second group up to the first of which she is a star member, I think perhaps we can best express our thanks to her by joining in what I read to be the hope implicit in her remarks that we would see the enlightened native leadership to which she alluded matched by enlightened white leadership so that we might discharge our obligations with honour and with justice.

It's been delightful to have you. You have brightened our Annual Meeting. We hope you will come again.

MAY 7, 1973

Essentials for a New Canadian Industrial Policy

AN ADDRESS BY The Honourable E. Peter Lougheed,
M.L.A., LL.B., M.B.A., PREMIER OF ALBERTA

JOINT MEETING The Empire Club of Canada
The Canadian Club of Toronto

CHAIRMAN The President,
The Canadian Club of Toronto,
John E. Brent

MR. BRENT:

Members and guests of the Empire and Canadian Clubs of Toronto, I would like to recognize one guest today, Mr. Donald Getty, the Minister of Federal and Intergovernmental Affairs in the Province of Alberta. He's here today with the Premier and he is going to attend tomorrow the Finance Ministers' meeting in Ottawa. I would like to say Mr. Getty is an import from the east. He's a graduate of the University of Western Ontario and, Mr. Getty, in case I neglected to tell you, which was a gross oversight on my part, we are fellow alumni of the University of Western Ontario.

This joint meeting of our two luncheon Clubs here is sort of a meeting in limbo, it's after the official closing of the 1972-73 season and before the commencement of our 1973-74 season. In our last meeting we had many speakers from the west, a surprising number of young men, some of whom still are in the west, but many of whom have come to the east and rather making a name for themselves in a big way, particularly in politics but in other ways. But today I suppose if I were to recall a poem which started—oh young Lochinvar has come in from the west. Today I think we have hit the jackpot with young Lochinvar.

The Province of Alberta has been, at least until quite recently, rather an enigma to many of us. It is one of the most dynamic Provinces with the youngest average population in the country. It has vast resources, it has two of the country's fastest growing and exciting cities and its gross provincial product makes it the third richest country, correction, province in the country. Well, you know if I put in their natural resources maybe I should have said country. And yet under the stewardship of the solidly entrenched Social Credit Government that ruled consecutively for thirty-six years, Alberta politics were singularly unexciting. The man who almost singlehandedly changed all this is our guest today, Alberta's Premier, the Honourable Mr. Peter Lougheed. When Mr. Lougheed began his 1971 election campaign it was sort of a David and Goliath affair. Mr. Lougheed's Progressive Conservative Party had only ten seats, the Socreds had fifty-five. But when the smoke cleared away, those standings were neatly reversed with the PC's holding forty-nine seats to the Socreds' twenty-five and most of the credit belongs to Mr. Lougheed himself and the hard hitting campaign he engineered. Given his own impressive abilities and background, Mr. Lougheed's outstanding victories should not have been too much of a surprise to anybody. Politics in the Lougheed family is something of a tradition. His grandfather, Senator Sir James A. Lougheed, was Alberta's first Federal Cabinet Minister and as National Chairman of his Party he led the Conservatives in the Senate for twenty-five years. His grandson seems to have inherited some of Sir James' competitive instinct. While he was at the University of Alberta studying law, he played football with the Edmonton Eskimos and after earning his law degree he left the team and went on to Harvard where he earned an M.B.A. On his return to Canada he joined Mannix Limited and in 1962 entered private legal practice.

However, he soon returned to the family tradition of politics. In 1965 at age thirty-six he was elected leader of Alberta's Progressive Conservative Party. Now his friends didn't send him any notes of congratulations, they sent him rather condolences because at that point in time the Progressive Conservative Party didn't have a single seat in the Legislature but Peter Lougheed had the last laugh, when in 1971 his party was returned to power with an overwhelming majority ending the thirty-six year rule of the Socreds. And just to prove that this outstanding victory was not a flash in the pan, the following year the Federal Progressive Conservative Party made a clean sweep of all nineteen seats in Alberta. This victory removed any doubt that anybody might have that Peter Lougheed was not a man going places. It can surely be said that the man who ran back kicks for the Edmonton Eskimos twenty years ago had introduced a very effective scoring game into Alberta politics and now after two years in power Peter Lougheed is still demonstrating his political prowess.

Ladies and gentlemen, our speaker today has already demonstrated that he is a man of unusual abilities and energies. He has demonstrated this in athletics and scholarship and in the tough game of politics. And I think I may say in addition to all of these outstanding qualities he also has, in reserve—maybe I should say in reserves—another vastly powerful and plentiful source of energy that adds a great deal to the weight of his political clout.

Ladies and gentlemen, it is my pleasure to present to you the Premier of Alberta, The Right Honourable Peter Lougheed.

THE HONOURABLE E. PETER LOUGHEED: Let me say at the outset that I am very, very pleased and honoured to be invited here today to visit with you. The invitation has been of some long standing and what gave me some considerable pleasure was that it was even continued over the past few months. I think about that introduction, Mr. Chairman, and I know that that was a slip of the tongue with regard to the third country in Canada and when I think of that I wanted to say this at the outset that there are two rumours I wanted to deal with; one is that it is not true that when the Queen comes to Canada this summer that she is then going on to visit Alberta. The other is that it may be somewhat true that there is going to be a delegation from the Arab states and they're going to miss Toronto and go on directly to Edmonton.

Let me at the outset though express my appreciation for being here and to say this, too, that I join with all of you in offering my respects to the memory of the Honourable Leslie Frost who was not only a great Premier of your province but was a distinguished Canadian that I had the pleasure to meet and to have advice from in my early years in public office.

It's my purpose today to attempt to communicate to you some of my views on some essentials for a new Canadian industrial policy.

Now I make no apologies for the fact that my views reflect a very strong Western Canadian point of view. The basic purpose of my remarks is an attempt to communicate to you that new and national industrial policies are urgently required very soon to take advantage of some important potentials in Western Canada—which would benefit all of Canada.

The main thrusts of my remarks are not new—they are substantially in accord with the tenor of my remarks here when I was invited by The Empire Club some six years ago—at which time I was the leader of the party, as the Chairman has mentioned, that had no seats in the Alberta Legislature. I said on that occasion that Alberta's future as a province depended upon a third stage of development—after Agriculture and Petroleum—of Industrial and Tourist development. And, I said then, that Alberta because of its geography and its resources would be most significant in terms of direction and mood in the total Canadian scene. And I submit that that has proved to be quite true.

But since that occasion over six years ago there have been some developments:

First, there is clearly a world energy crisis with major ramifications for Canada and for the energy province of Canada—Alberta—and particularly for the Athabasca tar sands within Alberta.

Secondly, we have, as all of you know, increased tensions and difficulties in world trade and monetary arrangements which have a particular significance for a leading nation such as Canada.

Thirdly, I think it is fair to say that the period of comfortable and special trade relations with the United States appears to be subsiding.

Another development has been over those six years that millions of taxpayer dollars have been spent by the Federal Government in an attempt to offset regional economic disparities.

Another factor has been in those six years that the northern half of our nation is only just beginning to provide an economic potential of a magnitude that most of us had barely hoped for and the basic gateway to such northern development is through the Province of Alberta.

There has also been a significant shift in decision making from the Federal Government to the Provincial Governments and—as reflected by a recent Gallup poll—such a shift surprisingly perhaps has the support generally of the people of Canada on a two to one margin.

Another development has been that foreign investment and large corporations are being even more vigorously and emotionally attacked through the media and other groups.

And finally there is a belated recognition of the significance of Western Canada in the total Canadian economic picture.

Ladies and gentlemen, within the perspective of these more recent developments—I would like to expand upon some of my views regarding new industrial policies and specifically deal with two areas *Transportation Policy for Canada* and the *Gas Pricing Position of the Province of Alberta*.

I note that the Federal Minister of Industry, Trade and Commerce in speaking to The Canadian Club of Toronto a few weeks ago stated that developing an industrial strategy for Canada would be impossible but developing a *coherent set of industrial policies* would be more possible. I submit he is somewhat pessimistic and that in broad terms the Provinces of

Canada together and with the Federal Government—should be able to reach some basic understandings as to realistic economic goals and objectives and a possible industrial strategy which would increase the probabilities of our being able to meet those goals and objectives.

I've noticed in my short experience as a premier that when it comes down to the crunch—the premiers of Canada are prepared to place the national interest ahead of any narrow provincial interests and that's important to the strength of this nation.

But perhaps the phrase "industrial strategy" is really a matter of semantics and if Mr. Gillespie and his colleagues would prefer to strive for a coherent set of industrial policies we should perhaps accept that position and work with him and his colleagues towards it.

Obviously in any set of industrial policies for Canada the Provincial Governments will have to concur to make them meaningful and effective. It may be that we can only agree on a few and not on a broad range but we should strive to see where that common ground is and strive to see if we can reach agreement on a few very important areas.

As a prelude—our province like other provinces is developing our own provincial industrial strategy as an umbrella for our policy framework. In twenty short months we have made some progress and in a very summary way they involve these areas.

1. Taking advantage of our valuable but depleting resources to build a more stable industrialized base in our province.
2. The maximum degree of process of our agriculture and other raw resources within our province to create jobs for our citizens.
3. To attempt to diversify geographically throughout Alberta to the smaller centres.
4. And to create a taxation system based upon ability to pay and incentives to job-creating enterprises.

For Canada it would seem to me that progress might be achieved now in striving for industrial policies in areas:

First, new transportation approaches to take advantage of regional potential.

Secondly, the spreading of job-creating enterprises away from heavily concentrated industrial areas.

Thirdly, a balance between the emphasis on supporting slow growth areas and taking advantage of growth centres such as Fort McMurray.

And, finally, a climate which encourages worldwide investment but provides incentives for increasing Canadian equity participation.

Now there may be other areas where it would be useful to concentrate our efforts but in my view at this point in time in Canada I would see the most likely progress, the most productive progress would be made by concentrating upon those four areas.

Let me then expand, ladies and gentlemen, upon the *first area* —which is an entirely new approach to *National Transportation Policies* to take advantage of regional potential.

As you are aware, the Federal Government in the Speech from the Throne last January proposed a western economic opportunities conference with the four Provincial Governments in Western Canada. The conference is scheduled for Calgary in late July and has been termed by the Federal Government as a unique venture in the history of Federal-Provincial relations in Canada. In proposing the conference, the Federal Government suggested specifically that transportation should be considered and that it was basic to overcoming the problems of distance and hence stimulating and broadening the economic and industrial base of Western Canada. The four premiers of the Western Provinces met in Winnipeg a few weeks ago and maybe to the surprise of some, we all agreed, despite our party differences, of the need for a total new transportation policy for Canada and that one of the key items on the agenda should be transportation.

I put to you, ladies and gentlemen, on this occasion that if this conference turns out to be merely talk and there are not concrete results it will be a setback for Canada. In social and unity terms—a western region charging forth on all cylinders as a full participant in Canada surely has to be a positive factor for Canadian unity. And in economic terms—the realization by Western Canadians of their full potential can benefit all Canadians.

So this July conference in Calgary provides a unique opportunity to make historic changes. All of Canada, and Central Canada in particular, should be supporting the National Government in policy commitments which will make the conference a success. It will only be a success if there is a commitment to action. A mere agreement to consider will not be enough. The Federal Government initiated the conference—it hence has undertaken an obligation to assure that—unlike constitutional conferences—it is a success and not a failure for if it fails—similar approaches called by the Federal Government will be approached with scepticism and suspicion.

There is one clear way that this conference can be made a success. A commitment by the Federal Government to major changes in national transportation policy. This would reduce a historic grievance of Western Canada in the nature of Confederation and I doubt there is a better time to do it than now. I think it's fair for me to say that there is a growing recognition here and throughout Central Canada that further concentration of industrial activity within this area or on the shores of the St. Lawrence is not in the national public interest—and the quality of life can be adversely affected by such further concentration. And secondly, that the west has probably never been in a better position to capitalize upon new transportation policies in an effective way. The demand for our petroleum, agriculture and forest product resources is very strong. In North America and the world the managerial and entrepreneurial talents are clearly in abundance. The technical schools throughout all of Canada are starting to produce substantial numbers for the required skilled-labour force and northern development has never been such a significant factor. What better time in the history of confederation to capitalize upon the job potential—resource base of Western Canada—but it will not happen without substantial changes in National Transportation Policies directed particularly to the two railroads by the Federal Government.

The ludicrous nature of the freight rate structure in Canada is of such a nature to be called a farce. A product shipped from Ontario to British Columbia and back to Alberta is charged less than if the same product on the same train had been dropped off in Alberta on the way by. Skelp is charged $2.11 per hundred pounds when shipped from Hamilton to Edmonton, but if sent to Tidewater at Vancouver, the cost is $1.35 per hundred pounds. Structural steel from Hamilton to Calgary $2.46 per hundred pounds—from Hamilton to Vancouver at $1.64 per hundred pounds. Now I've heard the railways' argument—and they make no economic or policy sense at all. And Western Canada needs a basic steel industry to assure balanced growth.

Some argue about a "subsidy" for Crow's Nest Pass grain rates being a public contribution for the west. These rates are special rates to ship wheat from Western Canada to the Lakehead and creating jobs at the Lakehead. Calling it a subsidy for Western Canada? What do we call tariffs which assist central Canadian manufacturers? What do we call the special tax provisions for secondary manufacturing in terms of their location?

What about agricultural processing—Edmonton to Vancouver—livestock—cost cents per hundred pounds, 119—but frozen meat, 139! Rapeseed from Lethbridge to Montreal —70½ cents per hundred pounds—but process it in Alberta and it costs $1.22 to ship it east. The result—you export jobs from the agricultural heartland of Canada to concentrate more people in the same crowded parts of Canada. It makes no sense at all!

Then there is the categories of freight rates called agreed or commodity rates. It's supposed to depend upon competitive conditions. What sort of competition?—trucks—and who owns the trucks? And where is the competition supposedly the greatest—the Montreal-Toronto shift? Between '67 and '72 the non-competitive rates increased an average from $2.50 per hundred pounds to $3.32. And during the same period, the competitive rates either remained constant or increased to a much lesser degree.

Ladies and gentlemen, this raises an important question—should in a nation of Canada's size and thinly spread population we have freight rates that are based on so-called competition—or should the rates be used as a critical factor in developing national industrial strategy—based on what's good for Canada where new jobs could be located and whether or not they shouldn't be linked with resources up-stream?

Let's look at the coal situation—Ontario imports thirteen million tons a year from Pennsylvania and West Virginia—that amounts to many jobs in the United States. The same quality coal is lying out in Alberta in the west. Why would Ontario business use the United States coal—because of the distance and cost. The Canadian Railways have freight rates from Alberta for coal that make it substantially cheaper for Ontario business to buy it from the United States. Surely, this should be reviewed in the national public interest. Is not the basic thinking behind such a situation completely contrary to the entire logic of the traditional tariff structure of Canada?

Now some say—Mr. Lougheed—we've heard this story before but when we heard the railroads' side of the story they attempt to justify their actions on a cost basis—fair enough—I enjoy a good debate anytime and anyplace. But, first, I want full and complete disclosure by the railroads of all the cost data they are now providing the Canadian Transport Commission. I don't propose to enter the debate with one hand tied behind my back. I want to know the extent of the fixed—as compared to variable—costs. I want to know the economic benefit to Canada of the terminals and loading facilities to the major centres of Canada. I want to know the relative cost factors by taxpayer contributions to comparative transportation facilities—such as airport terminals. In short—full disclosure by the railroads of their cost data. And second—public justification of every major freight rate in terms of cost benefit for the Canadian public interest—not the railroads' financial interest. The railroads are common carriers. They were established historically to pull Canada together. Primarily by building through Western Canada—in fact, to really create Confederation as we know it today. Are they fulfilling their original purpose? I am satisfied most westerners do not think so!

So to reiterate—there is no better time than now—for a new transportation policy for Canada to produce *a stronger Confederation*.

Let me now shift to the third and the final matter I would like to attempt to communicate to you—the logic of *Alberta's new natural gas pricing policies* in the Canadian public interest.

I think some relevant background facts are needed:

First, natural gas is a depleting, non-recurring natural resource.

Second, Alberta provides in excess of eighty percent of Canada's natural gas supply.

Third, the vast majority of Alberta's production and reserves are owned by the people of Alberta through their government.

Fourth, that the largest domestic market for Alberta natural gas is Ontario which accounts for 27 percent of the production from Alberta.

Ladies and gentlemen, the Alberta Government over a year ago requested its independent and highly respected Energy Resources Conservation Board to hold hearings and make a special review on the matter of field pricing of gas in this Province, our Province. The Board reported last August to us that the current average field price for gas in Alberta was being sold at only about sixty percent of its fair value. In short, it was being sold substantially below value.

In November of last year the Alberta Government announced new natural gas policies for Alberta which included the directive that there would be no further removal of gas by permit from the province unless and until all the gas purchased in Alberta was being purchased at fair market value. It's a depleting asset and millions of dollars in the public responsibility of stewardship that I have are being lost daily as a result. Since that time there have been extensive increases in the cost of competitive fuel, particularly with regard to crude oil—and the present value of Alberta natural gas contracts may now be substantially less than the sixty percent of fair value.

In understanding Alberta's position, ladies and gentlemen, it is fundamental to keep in mind that we are dealing with a depleting resource—owned essentially by the people of Alberta. I also know that our position has raised a number of questions—particularly in Central Canada—and I can think of no better place and time to attempt to respond than here in Toronto today.

First, there has been concern expressed about our complementary plan to rebate to Alberta consumers from the Treasury of the Alberta Government as a provincial fiscal government measure, such amounts as will assure that Alberta users of gas will have a net cost lower than in other parts of Canada. In other words—it's not a two price system in the strict sense of the word; it's a one price system with a provincial government rebate, not much different than a homeowners' tax discount or a property tax credit. It can hardly be considered a restraint on interprovincial trade when it is carried out in that fashion. In actual fact—the fiscal purpose is two-fold—to use the advantage of low cost energy to stimulate industrial development to replace Alberta's reliance upon depleting resources. Would any of you do otherwise—and secondly, to provide a dividend for the people of Alberta as a return for their ownership interest in the resource itself.

Now a second concern has been mentioned and that is that the majority of the benefit of the increased gas prices would go to the gas producing companies rather than to the people through their Provincial Government. This contention is invalid on a number of counts. Firstly, the Government has clearly announced that it intends shortly to sharply increase the royalty rates for natural gas, as it has already done for crude oil. The crude oil rates were increased by approximately fifty percent last year.

They now amount to twenty-two percent approximately of the gross value of production. And it is important to underline that that's a percentage of the gross value of production—not of the net value of production.

Without committing ourselves—but using comparable royalty rates for natural gas production—the fact is that the provincial government would receive off the top—without any risk whatsoever—more in revenues on an average basis than the gas-producing company would make in profits with no investment by the provincial government. Now that can hardly be considered other than a good deal for the ownership interest. The government does not participate in the losses of the hundreds of dry holes. And I say that with some sensitivity that I recognize there are some people here today who have been telling me that. In addition, the provinces receive substantial revenues for land sales and rentals—which are essentially rights to explore. But further than that, the province would gain in a very substantial way with higher gas prices through a very positive impact upon our total provincial economy, in particular, greater drilling activity, greater tax revenues to our citizens and those tax revenues are involved in tax revenues to the Federal Treasury.

Alberta is one of three provinces that pays into the equalization pot for less fortunate provinces and we confirm that principle of Confederation and are prepared to support it. The stronger the Alberta economy—the more able we are to pay in to the equalization pot and the funds essentially come from the income taxes on earnings of citizens. I could list a number of other economic benefits. But a further question I am sure is on your mind. What about the profit portion Mr. Lougheed, what happens to that? Well the vast majority of it is re-invested in further exploration efforts, not just in Alberta but in federal lands in the north and off the coast of Nova Scotia. A healthy petroleum industry in Canada is a very positive part of the Canadian economic situation, leaving aside even the benefit of the economic merits of the balance-of-payments contribution.

Another matter raised is that our policy is a narrow Alberta one. Well think about this! At 16 cents per M.c.f. for our gas, there is some 5 trillion cubic feet, in the judgment of the President of the Alberta Gas Trunk Lines, beyond economic reach. It will stay there, and surely as an asset for Alberta and for

Canada, it is desirable that that situation change and that the price be increased to the point that makes those gas reserves within economic reach. And the reserves are declining for only one reason—the overall price is too low. Now there is one other point that has been raised I wanted to dispose of. I know it's not serious—but it's been raised—that Alberta should use its sources of supply to provide below value gas to central Canada and that in due course the Federal Government would use its federally-owned land to provide high cost gas to the United States. Well if that's equity for Alberta, then Confederation is really in trouble and I don't think it's a serious contention.

Now a further response has been made that is that the increase would not be so bad if it was not so dramatic or all of a sudden. The fact is, the proposed increase is merely a catching-up process. Statistics Canada Price Index—Domestic Gas, Toronto—1961, 100; and this may surprise you for each year 1962 to 1972, 99.1. Residential consumers of Canadian natural gas have generally enjoyed—at the expense of Albertans—a very remarkable price stability compared to other consumer prices. Just the mere minimum of 10 cent per M.c.f. would be a catching-up of only about one-fifth of the increases on consumer products generally over the last ten years.

Now another response has been made and this is one worthy of debate, that the price increases might jeopardize the competitive industry position in Ontario with that of the United States. For the vast increase has been in industrial use in this province rather than residential. But the facts really do not bear out the argument. For one thing, fuel costs generally are a very low percentage of the total industrial costs. And for another, the increased cost of other alternative fuels is rising dramatically.

As far as I'm concerned in our judgment, what's going to happen in the United States is not just a dramatic increase in the cost of new gas but all gas and energy costs everywhere in the world are going to go up, all of them, and dramatically. So even with a doubling of natural gas costs in Alberta at the field—and that's just the field portion—our long term competitive position for Canada in my view will be stronger, relative to the United

States, not weaker. The real issue then is where new industry should be located.

Ladies and gentlemen, all of these items which I have raised are responsible responses and reasonable ones to our position, even though quite obviously I think they are without much substance. There is another one however that makes us angry. It is that Ontario did Alberta a great big favour in accepting the national oil policy some ten years ago and using Alberta's crude oil rather than the ''stable sources'' of Venezuela, Iraq and Iran so that now we should balance up the transaction and we should sell our low cost gas to make it even. Well, for a start, how about the extra cost the farmers of the west have paid for Central-Canadian-constructed agriculture implements? How about other tariff-protected items over the past decade?

But perhaps most important, how about the fact that if we didn't have a national oil policy, which in my view is a minimum policy for a nation, we wouldn't have the subject we're even talking about. We wouldn't have the reserves of oil and gas or the prospects for future northern development for the industry would have gone elsewhere in the world. Then there is the even more extreme statement by certain minority groups in Canada—

That we should rely upon slightly-cheaper (maybe) insecure foreign crude for east of the Ottawa Valley to provide revenues for the Governments of Venezuela, Iraq and Iran—and to hold in the ground and not sell Alberta oil to the United States—but store it for the time when—not, if—these foreign sources are cut off or become exorbitant. Confederation? Not by a long shot! Economic sense?—No!—Economic NONSENSE?—Yes!

And finally, there is the argument—that we should sell it on a cost-of-production basis—what other products do we all buy that are based on that premise.

In closing, let me say this. We recognize the Alberta gas pricing policies are significant and that they merit serious national review and discussion. But thoughtful Canadians will not emotionally or illogically respond or place the issue out of perspective. Significant as the matter is—it's not in the same category at all with major Canadian economic questions such as the international monetary changes, Federal tax policies, the development of the Athabasca tar sands, world grain prices—or many other. In short, I submit, ladies and gentlemen, there has been an over-reaction—an exaggeration of the Alberta gas pricing proposal and its impact upon the consuming areas but I hope I reflect today our determination with regard to the issues. I appreciate the opportunity though to be here, Mr. Chairman, to attempt to clear up some misconceptions—refute some ridiculous responses—but also rebut some worthwhile arguments.

I trust our position is clear. The people of Alberta own the gas—it is a depleting resource—fair prices would benefit the people of Alberta, but also the economy of all of Canada—and Canadians should not reasonably expect Albertans to continue to sell their gas below fair value.

In closing, let me leave this one thought. I make no apologies for expressing to you today some very strong western Canadian and Alberta views—contemporary 1973 views. I doubt very many of you expected me to do otherwise. But, I ask you to think about this—would it not be good for Canada—if the west—yes, and Alberta with our energy resources in particular—became a much stronger part of the Canadian nation—in economics—in jobs—in population—and in social terms? I hope your conclusion will be yes.

Because—like almost all Albertans—I am a Canadian, before Albertan—I love this country and my roots are very deep. And I believe that what I propose would not hurt any other part of the country—but it would make this great country of ours that much stronger in all its parts!

Thanks very much.

Mr. Lougheed was thanked on behalf of The Canadian Club and The Empire Club by Mr. Robert L. Armstrong, a Vice-President of The Empire Club.

MR. ARMSTRONG:

I borrow a phrase from Norman Webster's "Across Canada" article in the Saturday's *Globe and Mail* in which he talks about the inscrutable east. We of the inscrutable east and, I confess, I didn't realize that we were that far east that we were entitled to the description of the sphinx-like inscrutability but, scrutable or inscrutable, we have today received a message from a very fine emissary of the vigorous and resurgent west.

May I express our deep appreciation to you for your attendance on this occasion and for the friendly manner in which you put out the facts which you have and wish you well in your future as Premier of Alberta.

FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Members,
The Empire Club of Canada,
TORONTO, Ontario.

We report that we have examined the attached Balance Sheet of The Empire Club of Canada as at 30th April, 1973 and the attached Statement of Income and Expense and Accumulated Surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these Statements present fairly the Financial position of the Club as at 30th April, 1973 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

H. T. JAMIESON, LEMAY, & COMPANY
CHARTERED ACCOUNTANTS
Honorary Auditors.

TORONTO, Ontario.
2nd August, 1973.

BALANCE SHEET AS AT 30TH APRIL, 1973

ASSETS

	1973	1972
Current:		
Bank and Short Term Deposits	$22,434	$ 6,266
Accounts Receivable	1,758	246
	$24,192	$ 6,512
Government of Canada Bonds, at cost (Market Value $4,875 (1972—$4,875))	5,757	5,757
Office Furniture and Equipment (Note 1)	1	1
	$29,950	$12,270

LIABILITIES AND MEMBERS' EQUITY

	1973	1972
Current:		
Accounts Payable	$ 9,087	$ 140
Due to The Empire Club Foundation (Note 1)	3,420	3,068
Membership fees and Luncheon Tickets paid in advance	1,027	730
	$13,534	$ 3,938
Accumulated Surplus	16,416	8,332
	$29,950	$12,270

NOTE 1 Accounting Policies

(i) Office furniture and equipment is recorded at a nominal value and additions are charged to expense in years acquired.

(ii) The estimated charge from The Empire Club Foundation for the cost of supplying the membership with the yearbook of the current year is accrued each year.

STATEMENT OF INCOME AND ACCUMULATED SURPLUS FOR THE YEAR ENDED 30TH APRIL, 1973

	1973	1972
Income:		
Membership Fees (including Life Membership Fees, $1,000.00 ($500.00 1972))	$31,782	$31,554
Luncheons, net	659	911
Other	1,593	371
	$34,034	$32,836
Expense:		
Members' Notices	$10,278	$10,287
Office Salaries and Employee benefits (net)	4,377	3,614
Yearbook (Note 1)	3,516	3,219
Publicity and Promotion	1,191	1,350
Printing, Stationery and Postage	2,807	1,210
Rent, net	1,272	956
Meetings	805	934
Office and General	1,074	392
Telephone	630	379
	$25,950	$22,341
Net Income for Year	$ 8,084	$10,495
Accumulated Surplus (Deficit) at Beginning of Year	8,332	(2,163)
Accumulated Surplus at End of Year	$16,416	$ 8,332

1973-1974 *Officers and Board of Directors*

Honorary President	HIS EXCELLENCY, THE RIGHT HON. ROLAND MICHENER, C.C., C.D., Q.C., P.C., LL.D., D.C.L., GOVERNOR GENERAL OF CANADA
Honorary Vice-President	THE HON. W. ROSS MACDONALD, P.C., C.D., Q.C., LL.D., LIEUTENANT GOVERNOR OF ONTARIO

Officers

President	ROBERT L. ARMSTRONG
First-Vice-President	SIR ARTHUR R. T. CHETWYND, BT.
Second-Vice-President	PETER HERMANT
Third-Vice-President	LT. COL. JOHN G. B. STRATHY, C.D.
Secretary	LT. COL. REGINALD W. LEWIS, C. D., A.D.C.
Treasurer	RONALD GOODALL, C.A.
Honorary Secretary	WILLIAM DENNISON
Honorary Assistant Secretary	NORMAN BORINS, Q.C.
Honorary Treasurer	MARVIN B. GELBER
Honorary Assistant Treasurer	VERY REV. ERNEST M. HOWSE, S.T.M., Ph.D., D.D., LITT.D.
Honorary Auditor	H. T. JAMIESON, F.C.A.
Honorary Solicitor	R. BREDIN STAPELLS, Q.C.
Honorary Historian	ERNEST MILES

Board of Directors

P. J. AMBROSE
LELAND H. AUSMAN
DONALD H. W. BATH
MAYOR WILLIS L. BLAIR
DONALD H. CARLISLE, B.Sc.
F. MARTIN CRISPO
DR. CLARENCE B. CRUMMEY
MARCEL DESAUTELS, LL.M.
EMERSON C. DOWD, C.D., M.D., F.R.C.S. (C)
A. CARLYLE DUNBAR
G. E. PETER EASTWOOD, C.D.
LT. COMDR. HUGH R. FRANKS, C.D.
C. WARREN GOLDRING

GORDON E. GRUNDY, F.C.A.
MAJOR CHARLES C. HOFFMAN
LT. COL. P. W. HUNTER, C.D.
WILLIAM M. KARN
J. ALEX LANGFORD, Q.C.
H. ALLAN LEAL, Q.C., LL.D.
JAMES MACKEY
JOHN A. MACNAUGHTON
VLADAN MILIC, M.R.A.I.C.
DR. JAMES A. PARISH
THE HON. JOHN P. ROBARTS, P.C., Q.C., LL.D.
DR. MURRAY G. ROSS
A. C. RYLEY, F.C.A.
LT. COL. E. H. SHUTER, C.D., F.C.I.S.
GEORGE O. STAFFORD
GORDON W. SWAYZE
G/CAPT. R. C. A. WADDELL, D.S.O., D.F.C.
REV. J. ROBERT WATT, B.D.
J. A. WILLIAM WHITEACRE, M.M., C.D., Q.C.

Immediate Past President JOSEPH H. POTTS, C.D., Q.C.

Past Presidents HENRY N. R. JACKMAN
HAROLD V. CRANFIELD, M.D., F.R.C.P. (C)
H. IAN MACDONALD

Constitution

As amended April 26th, 1973

ORGANIZATION OF THE CLUB

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members
   All members of classes (a), (b), (c) must be of the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminable at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.
Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an indi-

vidual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of

other persons for the office of directors at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honor-

ary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as

convenient after the election of the board:

(a) Budget and Finance Committee
(b) Speakers Committee
(c) Membership Committee
(d) Constitution Committee
(e) Reception Committee
(f) Publicity and Public Relations Committee
(g) Year Book Committee
(h) Head Table Committee

provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.

2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the

members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

1972-1973

HONORARY MEMBERS

Cartwright, John R., The Hon. Chief Justice of Canada
Comber, Walter W.
Daniels, D. K., O.B.E.
*Frost, Hon. Leslie M., Q.C.
Gardiner, F. G., Q.C.
Geary, Major B. H., V.C.
Gillingham, W/C Harold G.
Harpham, Horace
Jamieson, H. T., F.C.A.
Kemp, A. S. H.
McIntyre, W. Malcolm
Mansfield, S. J.
Michener, The Rt. Hon. Roland, C.C., P.C., Q.C., LL.D., D.C.L.
Miles, Ernest
Osborne, Col. J. Ewart
Ralph, R. Ford

LIFE MEMBERS

Allan, William N.
Anderson, D. S.
Ash, W. M. V.
Bassett, J.
Batty, Joseph
Baxter, Ian S.
*Baxter, Major James, M.C.
Beare, S. E.
Beatty, D. S.
Bennett, Dr. Ross C.
Best, Douglas W.
Borins, Norman, Q.C.
Bovey, E. C.
Boyles, Thomas A.
Burns, Charles F. W.
Burke, E. T. C.
Carter, Charles
Caswell, W. A., J.P.
Cobham, Arthur H.
Craig, Lt. Col. John A. D.
Cranfield, Dr. Harold V.
Crummey, Dr. Clarence B.
Davies, Rev. E.
Deacon, Fraser
Del Zotto, Elvio L.
Douglas, Lt. Col. R. G.
Du Vernet, E. A., Q.C.
Eaton, Donald L. H.
Eisen, Sol.
Fabbro, Joseph J.
Fletcher, S. S.
Frost, Lt. Col. C. S. Jr., Q.C.
Goldring, Dr. C. C.
Gore, Graham M.
Griffin, Ian A.
Griffin, John W.
Hellyer, Hon. Paul T., P.C., M.P.
Hermant, Adam B. T.
Hermant, John D.
Hermant, Peter
Hermant, Sydney
Hilborn, Lt. Col. Robt. H., M.B.E.
Hoffman, Charles C.
Hogg, Lt. Col. N. D., M.B.E., E.D.
Hough, T. E.
Howse, T. H.
Hughes, James O.
Hyland, Dr. Herbert
Inwood, A. E. M.
Jackman, H. N. R.
Jackman, H. R., Q.C.
Joyce, James H.
Jupp, Lt. Col. D. H., O.B.E.
Karn, William M.
Kent, J. Palmer. Q.C.
Keys, N. A., M.C., Q.C.
Lambert, A. T.
Lawson, H. R.

Legge, Brig. Gen. B. J., Q.C., E.D.
Low, Steven
Mackinnon, Lt. Col. A. P.
Matthews, Maj. Gen. A. B.
Matthews, Brig. F. B., C.B.E., Q.C.
McCrimmon, Maj. J. S. G.
McKinnon, N. J.
Michener, Rt. Hon. Roland C.D., C.C.
Mikkila, W. G.
Mylrea, A. J.
Neelands, D. G.
Pallett, John C.
Parish, Dr. James A.
Ridley, John B.
Rokeby-Thomas, Dr. The Rev. H. R.
Roman, S. B.
*Rosen, A. E.
Royce, Lt.Col. E. A., E.D.
Sandy, J.
Shefsky, Samuel V.
Smeed, J. R.
Stark, Hon. Mr. Justice Alexander, Q.C.
Strathy, Col. J. G. K.
Sullivan, Hon. J. A., M.D.
Thompson, Eric F.
Thomson, Garth O.
Thomson, K. R.
Turnbull, R.
Turner, Capt. T.C.
Waldie, Gordon
Watkins, William B.
Webster, R. H.
Williams, J. K.
Winkler, Sydney
Wotherspoon, Brig. G. D. De S.
Wright, W. D.

REGULAR

Abbot, A. C.
Abel, Albert S.
Abernethy, Lt. Col. W. W.
Acomb, S. R.
Adair, Joseph
Adam, James L.
Adams, A. H.
Adams, George W.
Adams, J. C.
Adams, W. H.
Adamson, G. A.
Adamson, Harold J.
Adamson, Edwin F.
Adamson, Walter
Adelstein, Allan Joel
Ades, David
Addison, Wm. G.
Adley, Anthony
Adye, Rev. Canon E. R. G.
Agar, Harold A.
Agnew, Mrs. Mary A.
Aird, A. E.
Aitchison, Ian A.
Alberts, Edgar T.
Albery, A. C. R.
Alexander, H. H.
Allan, A. G.
Allan, Dr. Blandford
Allen, C. R. E.
Allen, Ivan V.
Allen, John F.
Allen, Dr. Michael S., F.R.C.S.C.
Allen, W. R., Q.C.
Allingham, N. W.
Allison, A.
Allport, D. A.
Amato, L.
Ambrose, Graham H.
Ambrose, Sheriff P. J.
Amos, J. L.
Anderson, Allan J.
Anderson, D.
Anderson, J. B.
Anderson, Dr. T. W.
Anderson, Lt. Gen. W. A. B.
Andison, D.
Andras, K. B.
Andrews, Norman
Andrews, Stewart M.
Anglin, Dr. C. S.
Angus, D. L.
Angus, Jas. K.
Anthony, R. F. K.
Apple, B. Nixon, Q.C.

Appleton, C. N.
Appleton, D. C.
Archbold, Wm. D.
Archer, William L.
Archibald, C. R., Q.C.
Arena, John
Argue, D. R.
Armour, A. Douglas
Armstrong, Arthur S.
Armstrong, G. E.
Armstrong, Gordon V.
Armstrong, Warren G.
Armstrong, Jas. A.
Armstrong, Robert L.
Arthur, J. G.
Ashley, S. E.
Astley, D. B.
Atherton, C.
Atkinson, David W.
Atkinson, John
Atkinson, Miss Linda
Atkinson, Walter P.
Atkey, Professor Ronald G.
Atlin, Gordon, Q.C.
Attewell, W. C.
Audette, R. S.
Auger, Eliot M.
Ausman, Leland H.
Austin, J. Jarvis
Avery, William M.
Axford, Michael J.
Azzarello, A.

Babcock, Harold A.
Back, Samuel
Baehr, Hans A.
Baillie, A. A.
Baillie, James C.
Bailey, H. V.
Bailey, John H.
Bailey, William H. C.
Bainyard, Roy H.
Baker, Allan D.
Baker, George
Baker, Herb F.
Baker, J. J.
Baldry, I. H.
Bales, Gordon G.
Balfour, Norman E.
Ball, Gordon R.
Ball, J. J.
Bankes, J. M.
Banner, Dr. Mac
Barber, D. J.
Barber, Col. J. R., E.D., C.D.
Barber, William
Barbour, Edward R.
Bardsley, J. W.
Bark, Chad F.
Barker, D. J.
Barltrop, C. S.
Barrett, L. C.
Barrow, J. C.
Barstow, J. M.
Bartholomew, R. W.
Bassam, Kenneth A.
Bassel, J. P., Q.C.
Bassuyt, Lou
Batchelor, Gordon T.
Bate, Wm. B.
Bates, Dr. Gordon
Bates, Ian K.
Bath, D. H. W.
Batten, D. M.
Bawden, H. N.
Beamish, K. J.
Beattie, A. L.
Beattie, E. L. MS.
Beattie, Peter G.
Beatty, James D.
Beauchamp, Walter N.
Beaudry, Roger
Beausejour, Roger
Beavis, Frederick J.
Beck, Howard L.
Beckerman, Irving
Bedal, Prof. C. L.
Beeston, Major A. C.
Belak, Nicholas
Belbeck, Kenneth G.
Bell, C. B.
Bell, J. Donald, Q.C.
Bell, Michael C.
Bell, Norman B.
Bell, Norman H.
Bell, Norman O.
Bell, Peter B.
Bell, W. E.
Belobradic, Jack J., Q.C.
Belyea, Abner B.
Belyea, Roy E.
Ben, George

Bengert, E. C.
Bennett, Bryan C.
Bennett, Miss Joslin
Bennett, Chief Judge Colin E.
Bennett, David T.
Bennett, L. T.
Bennett, Major J. W.
Bennett, R. F.
Benson, Marvin T.
Benson, Philip W.
Benson, W.
Bentley, R. A. N.
Berchem, F. R.
Berghuis, Wm. W.
Bernard, Paul J.
Berry, Harold R.
Berry, Dr. Henry
Best, Gordon H.
Best, Peter
Bethell, R. Anthony
Betts, J. G.
Beuth, Gerhard E.
Biddell, J. L.
Bielski, Casimir M. B., Q.C.
Biggs, G. L.
Biggs, Stanley C., Q.C.
Bilbrough, W. H.
Binmore, David R.
Binnie, William Ian Corneil
Biringer, Paul P.
Birrell, L. P.
Birrell, Dr. R. G.
Biscotti, Michael J.
Bjarnason, Stefan A., Q.C.
Bjarnason, Thomas H.
Blachford, H. A.
Black, David
Black, Ian H.
Blackwell, Cy
Blaikie, Ross W.
Blair, L. E.
Blair, S. M.
Blair, Willis L.
Blair, W. D'Arcy
Blanchard, H. A.
Blane, Robert
Blay, J. A.
Bloemen, P. J. M.
Boddy, R. Paul
Boggs, Wm. B.
Bolliger, Heinz E.
Bongelli, Tello
Bonham, J. T.
Bonnycastle, Law C.
Bonus, W. H.
Booth, Dr. C. W.
Borinsky, Maxime
Bosanquet, L. C.
Botnick, Harry P.
Bourne, F. R.
Bowes, David
Bowles, William M. Jr.
Boyd, Winnett
Boyko, Jos. LL.D.
Boyle, B. E.
Boyle, J. A.
Boylen, P. F.
Boynton, T. D.
Brace, Wm.
Bradley, Robert A.
Bradley, Ronald J.
Bradshaw, Melville
Bragg, R. W.
Brain, George M.
Braithwaite, Dr. D.
Braithwaite, L. A.
Brannan, C. C.
Brannan, C. E.
Branson, C.
Brant, Reuben
Bray, C. H.
Breckenridge, R. J.
Brent, John E.
Brethour, E. J.
Breuer, K.
Bridge, Donald B.
Bright, John C.
Brissenden, W. G.
Bristoll, Charles H.
Broad, R. L.
Brock, Frederick W.
Brodey, Peter E.
Brodsky, Jack
Brook, Edward
Brooks-Hill, F. B.
Brooks, Dr. C. E.
Brooks, Herbert
Brown, Arthur E.
Brown, Arthur J.
Brown, Dr. Corbin A.

Brown, Gerald D.
Brown, Brig. H. E., O.B.E., E.D., C.D.
Brown, J. K. B.
Brown, John H.
Brown, J. Sommerville
Brown, Mannie
Brownbill, H. F.
Browne, Hugh
Brule, J. A.
Brumell, J. K.
Brundage, C.
Brunskill, A. M., F.C.I.S.
Buddenhagen, W. C.
Buell, E. J., Jr.
Bull, John S.
Bundy, Robert G.
Bunting, C. Alan
Bunting, Pearce
Burbridge, O. John
Burden, Bruce C.
Burgess, A. C.
Burgess, C. N.
Burgess, H. T.
Burk, J. Paul
Burleigh, Thomas S.
Burnard, F. S.
Burnaby, Frederick H.
Burns, James E.
Burns, Lt. Col. L. J. W.
Burns, Paul J.
Burnside, E. G.
Burrows, R. G., Q.C.
Burry, C. James
Burson, Geo., Q.C.
Burton, Lt. Col. G. A.
Bury, George J.
Butcher, Roy Leonard
Butler, Ian
Butler, Lady Marja
Butt, Dr. W. D.
Bynoe, B. Clive, Q.C.

Cairns, Ron
Calderone, Gus V.
Caldwell, Doug
Callander, R. M.
Calvert, William
Cameron, Donald Ross
Cameron, Edwin James
Campbell, D. L.
Campbell, Duncan
Campbell, E. M.
Campbell, Ian
Campbell, I. R.
Campbell, Jack
Campbell, R. Y. W.
Campbell, T. I.
Campbell, W. Allan
Campbell, W. J.
Cane, A.
Cappe, Joe, B.COM.
Cappe, N. R., Q.C.
Carey, John
Carleton, Major W. J.
Carlisle, Donald H.
Carlsen, S. C.
Carnegie, A. D.
Carnegie, James G.
Carney, G. W. Ward
Carpenter, Dr. T. A.
Carr, E. P.
Carradus, Capt. H. R.
Carson, C. E.
Carswell, Loyd Brooks
Carter, James F.
Carter, James P.
Carter, M. F. K.
Carter, S. Owen
Cartwright, R. Ian
Casey, D. W.
Casey, E. M.
Casse, Joseph
Cassels, Gordon T.
Casson, Richard
Castle, E. W.
Caston, D. M.
Cater, Gordon
Cathcart, P. G.
Catto, Lt. Col. John, C.D.
Cavoukian, A.
Cayley, Hugh
Chadsey, P. J.
Chadwick, Derek T.
Chalmers, Floyd S.
Chamandy, Richard F.
Chambers, H. J. A.
Chan, Henry
Chandler, Frank G.
Chandler, Kenneth G.

Chant, Dixon S.
Chapin, C. J.
Chapman, Albert E.
Chapman, S. F.
Chapman, Wm.
Charlebois, John P.
Chartrand, R. H.
Chase, T. Miller
Cherry, Robert James
Chester, Lane R.
Chetwynd, Sir Arthur R. T.
Chetwynd, Robin
Child, Thomas
Ching, Clement Y. B.
Chittick, J. Robert
Chote, Rev. Canon A. A., B.A.L., TH.
Christian, Francis G.
Christian, Brig. J. D., C.B.E.
Christie, Col. J. H., M.C., E.D.
Christie, Dr. R. J.
Christie, Huntley C. R.
Christmas, Milton H.
Ciglen, Samuel, Q.C.
Clark, A. S.
Clark, Basil
Clark, B. H.
Clark, H. Spencer
Clark, Philip T., F.C.A.
Clark, Robt. F.
Clarke, E. G.
Clarke, James H.
Clarke, James S.
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THE EMPIRE CLUB FOUNDATION

The members of the Empire Club have long been aware of the unique value of the annual volume of addresses published without interruption since the Club's first year, 1903–1904.

As a long continued record of contemporary Canadian affairs it has no peer. It is probably the most-frequently consulted annual in Canada as a source book for students, public speakers, Members of Parliament (the Parliamentary Library has a complete set) and all who wish to know what the leading authorities of the day have thought over this period of 70 years.

The Empire Club Foundation, a registered charitable foundation, has as one of its objects the widespread distribution of this outstanding annual. The Yearbook you are reading now will be distributed to libraries from coast-to-coast. These number about 3,800 and include every public, university, college and high school library in Canada. This is made possible by the generosity of our contributors.

In addition it proposes, as funds become available, to make other contributions to the educational life of Canada.

Those individuals and companies whose names follow have recognized the worth of this programme by their contributions to the Foundation during recent months. Contributors to The Empire Club Foundation are divided as follows: those who have given $250.00 or more are known as BENEFACTORS and those who have given less are known as DONORS. All gifts are gratefully received. The list that follows includes the names of all who have contributed since the lists closed for the last Yearbook up to and including donations received by October 31st, 1973. Great care has been taken to make this list accurate. If there are mistakes we ask for your indulgence and would appreciate a note telling us how we erred.

During the year the Foundation recorded with regret the death of John H. Corrigan, Q.C. who had done so much to establish it and who had served it as Solicitor and Hon. Secretary. His place has been taken by R. Bredin Stapells, Q.C. a Past President of the Empire Club.

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FINANCIAL STATEMENTS

AUDITORS' REPORT

To The Members of
The Empire Club Foundation

We have examined the balance sheet of the Empire Club Foundation as at April 30, 1973 and the statement of income and expenses and surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Verification of contributions received is not practicable through normal audit procedures. Our verification of this item consequently has been confined to a test comparison of recorded receipts with bank deposits.

In our opinion, except for the limitation in the scope of our examination reported in the preceding paragraph, these financial statements present fairly the financial position of the Empire Club Foundation as at April 30, 1973 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, as restated (Note).

SMITH NIXON & CO.
CHARTERED ACCOUNTANTS

TORONTO, May 25, 1973

THE EMPIRE CLUB FOUNDATION

(Incorporated under the laws of the Province of Ontario
as a non-profit corporation without share capital)

BALANCE SHEET AS AT APRIL 30, 1973

ASSETS

	1973	1972 Restated (Note)
Bank	$1,949	$7,630
Accounts receivable	2,605	12
	$4,554	$7,642

LIABILITIES AND SURPLUS

Accounts payable and accrued liabilities	$ 14	$ 14
Surplus	4,540	7,601
	$4,554	$7,642

THE EMPIRE CLUB FOUNDATION

STATEMENT OF INCOME AND EXPENSES AND SURPLUS FOR THE YEAR ENDED APRIL 30, 1973

	1973	1972 Restated (Note)
Income		
Donations	$ 8,055	$13,140
Interest earned	471	166
Book sales	2,605	2,672
	11,131	15,978
Expenses		
Stationery and postage	655	158
Cost of Empire Club of Canada year book	13,537	8,825
	14,192	8,983
Excess of income over expenses (expenses over income) for the year	(3,061)	6,995
Surplus—beginning of the year	7,601	606
Surplus—end of the year	$ 4,540	$ 7,601

NOTE:

Effective May 1, 1972 the foundation adopted the policy of recording as income donations received during the year and reflecting as expenses only costs incurred during the year. Due to a change in the method of funding the Foundation the previous policy of accruing estimated projected income and expenses became inoperable.

This restatement had the effect of increasing the excess of income over expenses in 1972 by $5,944 and increasing the surplus as at April 30, 1972 from $1,657 to $7,601.